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Ukraine Recovery and Peacebuilding Assessment

ANALYSIS OF CRISIS IMPACTS AND NEEDS IN EASTERN UKRAINE

Volume I:
SYNTHESIS REPORT

Ukraine
Recovery and Peacebuilding Assessment

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This Recovery and Peacebuilding Assessment (RPA) report for Eastern Ukraine is a collabora¬tive product authored jointly by staff of the European Union (EU), the United Nations (UN), and The World Bank. Acknowledging the institutions' different mandates and areas of expertise, the findings, conclusions, and recommendations expressed in the RPA do not necessarily constitute the views or formal recommendations of the EU, UN, or The World Bank on all issues, nor do they reflect the views of the governing bodies of these institutions or their member states. It is also recognized that due to different mandates not all activities set forth or proposed in the report will be shared by or engaged in by all the collaborating institutions, and it is further understood that each institution will carry out or be engaged with any such activities in accordance with its mandate, and operational policies and procedures.

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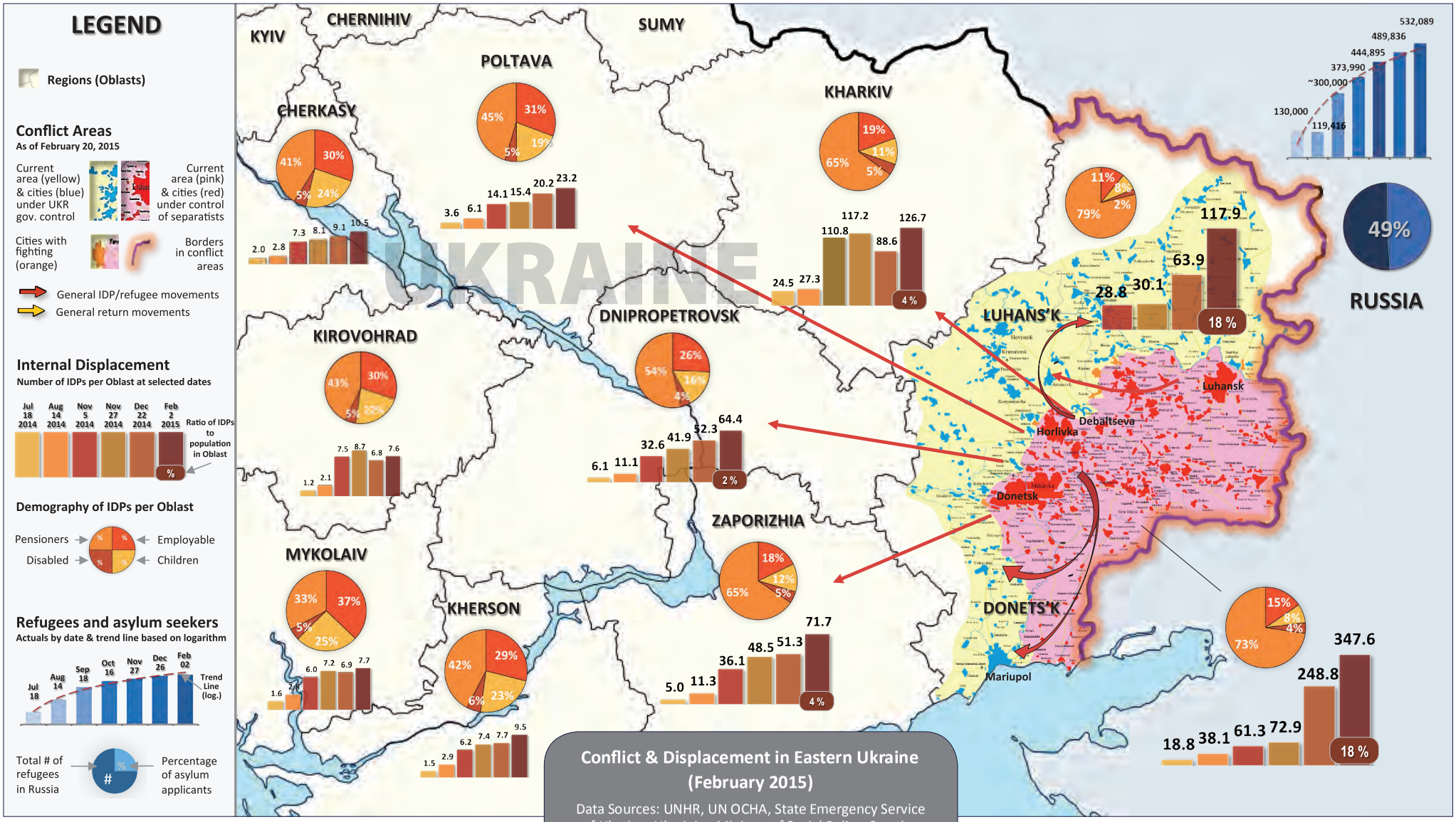
LEGEND
Regions (Oblasts)
Conflict Areas
As of February 20, 2015
Current area (yellow) & cities (blue) under UKR gov. control
Current area (pink) & cities (red) under control of separatists
Cities with fighting (orange)
Borders in conflict areas
General IDP/refugee movements
General return movements
Internal Displacement
Number of IDPs per Oblast at selected dates
Jul 18 2014
Aug 14 2014
Nov 5 2014
Nov 27 2014
Dec 22 2014
Feb 2 2015
Ratio of IDPs to population in Oblast
Demography of IDPs per Oblast
Pensioners
Employable
Disabled
Children
Refugees and asylum seekers
Actuals by date & trend line based on logarithm
Jul 18
Aug 14
Sep 18
Oct 16
Nov 27
Dec 26
Feb 02
Trend Line (log.)
Total # of refugees in Russia
Percentage of asylum applicants
UKRAINE
KYIV
CHERNIHIV
SUMY
POLTAVA
CHERKASY
KHARKIV
KIROVOHRAD
DNIPROPETROVSK
LUHANS'K
ZAPORIZHIA
MYKOLAIV
KHERSON
DONETS'K
Luhansk
Debaltseva
Horlivka
Donetsk
Mariupol
RUSSIA
49%
Conflict & Displacement in Eastern Ukraine (February 2015)
Data Sources: UNHR, UN OCHA, State Emergency Service of Ukraine, Ukrainian Ministry of Social Policy. Creative Commons by Niele, (CC BY-SA 4.0). Updated by HCPUNXKID

ACRONYMS AND ABBREVIATIONS

BBBS	Building Back Better and Smarter
CSO	civil society organization
CBO	community-based organization
CRWP	Crisis Response Works Programme
DDR	disarmament, demobilization and reintegration
DRP	Donbas Recovery Programme
EB	executive board
EBRD	European Bank for Reconstruction and Development
FDI	foreign direct investment
GoU	Government of Ukraine
IDP	internally displaced person
IFI	international financial institution
ILO	International Labour Organization
IOM	International Organization for Migration
MoH	Ministry of Health
MoJ	Ministry of Justice
MRE	mine risk education
MSP	Ministry of Social Policy
M&E	monitoring and evaluation
NBU	National Bank of Ukraine
NGO	nongovernmental organization
OHCHR	Office of the High Commissioner for Human Rights
OO	Ombudsperson's Office
OSCE	Organization for Security and Co-operation in Europe
PB	policy board

PCEA	Post-Conflict Environmental Assessment
PIU	project implementation unit
PCNA	Post-Conflict Needs Assessment
PTSD	posttraumatic stress disorder
RPA	Recovery and Peacebuilding Assessment
SGBV	sexual and gender-based violence
SME	small and medium enterprise
SEA	Strategic Environmental Assessment
SES	State Emergency Service
SRP	Strategic Response Plan
SRF	Strategic Results Framework
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UXO	unexploded ordnance
WBG	World Bank Group
WHO	World Health Organization

EXECUTIVE SUMMARY

Context

1. **Ukraine is currently experiencing a period of instability and insecurity.** Large-scale demonstrations in Kyiv in late 2013 led to a change in government in February 2014. Early presidential elections were held in May 2014 and early Parliamentary elections in November 2014. Following the developments in Crimea, the UN General Assembly adopted Resolution 68/262 on 27 March 2014 which states that it:

   "[...] 5. Underscores that the referendum held in the Autonomous Republic of Crimea and the city of Sevastopol on 16 March 2014, having no validity, cannot form the basis for any alteration of the status of the Autonomous Republic of Crimea or of the city of Sevastopol;

   Calls upon all States, international organizations and specialized agencies not to recognize any alteration of the status of the Autonomous Republic of Crimea and the city of Sevastopol on the basis of the above-mentioned referendum and to refrain from any action or dealing that might be interpreted as recognizing any such altered status."[2]

   In the spring of 2014, conflict erupted in the eastern oblasts of Donetsk and Luhansk—known as the Donbas—where pro-Russian separatists took control over parts of the two oblasts. Despite the existence of a peace agreement (the Minsk Protocol of September 2014) and the renewal of its cease-fire provisions in February 2015, the likely outcome of this conflict remains uncertain.

2. **The conflict has had a significant and detrimental impact on human welfare, and on social and economic conditions generally.** Of some 5.2 million people in the Donbas, at least 3.9 million have been directly affected by the conflict. In addition, the three adjoining oblasts of Zaporizhzhia, Dnipropetrovsk, and Kharkiv have been particularly affected by economic disruption and a heavy influx of internally displaced persons (IDPs). As of late February there were a reported 7,000 deaths (including military personnel), some 18,000 wounded, and more than 1.6 million people displaced both internally and outside of Ukraine. Prior to the conflict, the Donbas region had already faced significant long-term challenges related to poverty, demography, and its economic structure. Many of the country's key heavy industries that are located in the Donbas have experienced long-standing decline and have been further damaged by the conflict and trade disputes. The situation is likely to be compounded by the significant loss of services, shelter, and livelihoods associated with the conflict, which poses even more acute risks for the population's well-being. The conflict has also significantly deteriorated levels of social cohesion, trust, and cooperation throughout the country, which were already eroded from years of divergent and politically charged narratives about history, language, and patriotism.

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2 On March 27, 2014, the UN General Assembly passed Resolution 68/262 stating that the referenda had "no validity" and "cannot form the basis for any alteration of the status of the Autonomous Republic of Crimea or the city of Sevastopol" (see http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/68/262).

3. **The Government of Ukraine (GoU) and its partners recognize the need to urgently address reconstruction, economic recovery, and peacebuilding needs in areas affected both directly and indirectly by the conflict.** In mid-2014, the government requested technical assistance and financial support from the international community to assess and plan priority recovery and peacebuilding efforts in the conflict-affected regions of eastern Ukraine. Following a joint EU, UN, and WBG scoping mission to Ukraine that took place between September 29 and October 3, 2014, the three institutions agreed to organize an assessment of recovery and peacebuilding needs. The Eastern Ukraine Recovery and Peacebuilding Assessment (RPA) was launched in October 2014 as a two-stage process. In view of the continuing conflict, it was decided to undertake an initial rapid assessment, covering areas under government control that would provide an analytical and programmatic baseline for recovery efforts, identify urgent interventions, and provide a basis for scaling up the responses as needs evolve on the ground. As such, these findings should be considered as a snapshot in time. In particular, the assessment of infrastructure damage is limited to the damage that occurred prior to November 2014. Furthermore, the number of registered IDPs—used as a reference to estimate their needs—corresponds to official government estimates as of February 2015.

4. **The RPA is therefore an assessment undertaken in a context of ongoing crisis.** The conflict could escalate and expand, become "frozen," or be settled through diplomacy. The first two scenarios would aggravate the distress of people in eastern Ukraine, and likely lead to additional waves of displacement. Moreover, failure to address the severe human welfare and development concerns will very likely worsen the conflict. This would have serious implications, including increasing vulnerability and eroding confidence in the state. As social cohesion continues to deteriorate and worsening socioeconomic conditions cause further tensions, it is essential that key high-priority recommendations be initiated as soon as possible, irrespective of the cessation or continuation of armed conflict. Doing so will also lay the foundation to effectively implement other aspects of recovery, such as rehabilitating infrastructure, restoring social services, and revitalizing economic activity. Without reconciliation—between different members of the community, between different communities, and between citizens and authorities—lasting peace and recovery are unlikely to be achieved.

5. **The RPA looks beyond immediate humanitarian needs to assess the conflict's impact and identify key priorities for recovery and building peace.** In light of the ongoing crisis, the RPA focuses on improving human welfare, particularly of the displaced and their host communities, and avoiding the further exacerbation of conflict drivers. Geographically, the RPA focuses on conflict-affected areas under government control in Donetsk and Luhansk, as well as the three adjoining oblasts of Zaporizhzhia, Dnipropetrovsk, and Kharkiv. Certain supportive national-level initiatives are also recommended. The report's recommendations provide an initial framework for initiatives that focus on short- to medium-term results. This framework will also help the government and the international community to update, prioritize, and sequence recovery interventions on a regular basis as the situation evolves. Furthermore, the recommendations provide positive precedents for future reforms in the areas of economic policy, governance, and social services. The first phase of the RPA will lay the groundwork for a second phase that supports the development of a longer-term and comprehensive recovery and peacebuilding strategy, when conditions allow.

6. **Phase 1 of the RPA report (which is presented in two volumes) is anchored in three major thematic components:** (i) restoring critical infrastructure and services; (ii) improving economic livelihoods; and (iii) strengthening social resilience and initiating reconcilia-

tion and peacebuilding. Volume I provides an overview of the results of the assessment, key findings, and recommended interventions over a two-year period, in the form of a synthesis report. Volume II provides the detailed assessment reports for each of the three components.

7. **The RPA's three thematic components have been designed to be mutually complementary and strategically synchronous.** For example, the rehabilitation and reconstruction of damaged infrastructure in Component 1 will provide opportunities to introduce labor-intensive construction technologies. This links with the recommendation in Component 2 to jump-start local employment by reconstructing district and community infrastructure. The RPA also provides concrete activities for host communities and IDPs to collaborate in meeting urgent needs, which helps break down prejudice and builds trust (Component 3). Similarly, key transversal issues—internal displacement, local governance and implementation capacity, gender, and human rights—are integrated across components. Criteria are suggested to support the prioritization of those recommendations that require immediate attention, either because of their urgency or because of their critical importance as foundations for recovery and peacebuilding. The report strongly recommends that, as much as possible, responsibility for the design and implementation of activities be delegated downward to subnational levels and involve all major stakeholders at the local level.

Main Findings

8. **Initial estimates of recovery, reconstruction, and peacebuilding financing needs total some US$1.52 billion,[3] as outlined below.**

9. **Total recovery needs for the infrastructure and social services component are estimated at US$ 1.26 billion.** The sustainable restoration and improvement of infrastructure and social services holds the key to normalizing and stabilizing society in the crisis-affected areas, and to creating conditions for IDP return and repatriation. Efficient and effective recovery of infrastructure and service delivery will not only ameliorate the affected populations' suffering, but will also help restore citizens' trust in the state. In addition to "brick-and-mortar" damage to infrastructure, the loss of equipment, the exodus of employees, and a drop in staff skills and capacity in the directly affected regions are other challenges that need to be addressed.

10. **Ensuring satisfactory provision of social services in indirectly affected areas is complicated by the influx of displaced populations.** For example, preschools are fast approaching enrollment capacity; the road network is suffering from increased usage; and sewage systems need to handle increased loads due to a steady influx of IDPs in various raions. Needs are greatest in the transport, health, and energy sectors, at US$558 million, US$184 million, and US$79 million respectively. Needs estimates build upon the damages reported to infrastructure to additionally: (i) reconstruct impacted infrastructure to improved standards (the "building back better and smarter" principle); (ii) restore service delivery to individuals residing in Donetsk and Luhansk, and replace facilities; and (iii) provide social services to individuals displaced as a result of the conflict.

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3 Estimated reconstruction costs may continue to rise as needs are further assessed.

Recovery Needs at a Glance		
		US$ (millions)
Infrastructure and Social Services		**1,257.7**
	Health	184.2
	Education	9.7
	Social welfare	329.4
	Energy	78.9
	Transport	558.2
	Water and sanitation	40.1
	Environment	30.0
	Public buildings and housing	27.2
Economic Recovery		**135.5**
	Employment	40.0
	Productive capacities and livelihoods	33.0
	Local economic planning	7.5
	SMEs and private sector	30.0
	Financial services	25.0
Social Resilience, Peacebuilding, and Community Security		**126.8**
	Understand vulnerability, risk, and social cohesion	2.5
	Promote social cohesion and trust building	19.7
	Promote a culture of tolerance through dialogue	11.4
	Protect conflict-affected populations	5.8
	Promote access to justice	8.1
	Provide legal assistance	6.6
	Offer psychosocial support	28.4
	Restore community security	23.9
	Prepare for Disarmament, Demobilization and Reintegration (DDR)	20.4
Total		**1,520.0**

11. **Total recovery needs for the economic recovery component are estimated at US$135.5 million.** Ukraine's current trade dispute with Russia, coupled with damage and disruptions associated with the conflict, have had significant economic implications for the Donbas. In the first 11 months of 2014, exports from Donetsk oblast dropped by almost 30 percent and by 43 percent from Luhansk oblast, compared to the same period of previous year. During January–September 2014, metal export to Russia declined by 28 percent compared to a year earlier, with the share to Russia declining to 10 percent of total metal exports from 14 percent in 2013. As a consequence of direct and indirect impacts, small and medium enterprises (SMEs) decreased their economic activities by 80–90 percent, leading to a similar percentage of jobs lost. This situation has resulted in the widespread disruption of economic activity, loss of livelihoods and employment, and a deteriorating macroeconomic environment. In this context, this report proposes a multi-track approach to economic recovery to reduce the vulnerabil-

ity of conflict-affected populations and increase societal resilience. This approach consists of generating short-term employment opportunities, improving productive capacities and livelihood options, strengthening local economic planning, stimulating SMEs and the private sector, and facilitating provision of financial services. Collaboration between local governments, civil society, and the remaining private sector will be essential to address key bottlenecks, rebuild the local economy, and restore social trust.

12. **Total recovery needs for the social resilience, peacebuilding, and community security component are estimated at US$126.8 million.** The ongoing conflict in eastern Ukraine has had a direct and highly negative impact on social cohesion, resilience, livelihoods, community security, and the rule of law. Displacement, fear, and diminishing levels of trust are acute social problems, and conflict-related distress is widespread. While social fragmentation, prejudices, regional divides, and low levels of trust in local authorities and institutions existed prior to the crisis, these have been exacerbated as a result of it, particularly in the Donbas region. In many ways, the conflict and resulting displacement has magnified Ukraine's pre-conflict fragility. As the numbers and the duration of stay for the displaced increase, pressure mounts on local resources, service delivery, livelihoods, and governance. Signs of increasing tensions between IDPs and host communities are becoming more evident. Moreover, under conflict conditions, law enforcement agencies, security services, and justice institutions are ill equipped to ensure respect of rights and rule of law, mitigate disputes and tensions, and address crime and violence. Current hostilities, related community-level violence, and misinformation contribute to polarization and deepen divisions. Impacts are especially acute in areas with a high percentage of IDPs compared to the host communities. Restoring and strengthening the social fabric—within the Donbas, as well as nationally—is therefore a critical requirement for effective and sustainable recovery. In the absence of reconciliation and peacebuilding, the risk of renewed conflict will remain, which puts investments in infrastructure, services, and economic recovery at risk. Priorities in this regard include building trust, strengthening the resilience of displaced populations and host communities, better protecting conflict-affected populations, and promoting reconciliation, peacebuilding, citizen security, and access to justice.

Institutional Arrangements

13. **For the RPA to become operational and be effective, the government must take a lead role, though it must also broadly engage national stakeholders.** Government ownership over the RPA process would greatly benefit from rapidly identifying and operationalizing a structure that has formal intragovernmental authority and a clear mandate to lead and coordinate recovery and reconstruction efforts. Given the nature of recovery needs and response strategies proposed in the RPA, most interventions will be implemented by government agencies and local governments, civil society organizations, and the beneficiaries themselves. It is therefore proposed that an intragovernmental coordination structure (for example, a Donbas Recovery Coordination Committee) be created with both intragovernmental authority and broad membership. It will need to have a dual focus on (i) activities in the five eastern oblasts; and (ii) national activities. Implementation challenges will be best met through flexible and hybrid arrangements, with the intragovernmental authority assuming a policy-setting and oversight role. It will be necessary to clarify from the outset the mandates of key actors and establish appropriate but flexible mechanisms and processes. It is also essential to create space for civil society organizations and the private sector to work effectively with national and subnational budget allocations.

14. **It will be important to establish a process for periodically reviewing the continued relevance of the RPA's strategy and initiatives.** An RPA progress review should take place every six months, with a thorough mid-term review after 12 months. The coordination committee should organize the reviews, which need to be inclusive consultative processes in which all stakeholders can provide their views and feedback. The coordination committee should establish a monitoring and evaluation (M&E) subcommittee. The Strategic Results Framework (SRF) presented in the report can serve as an M&E tool. Participatory M&E with the engagement of the conflict-affected population should be used whenever feasible. Public access to M&E outputs will be essential for transparency and credibility.

Financing

15. **The RPA provides an overview of recovery, reconstruction, and peacebuilding financing needs, as well as principles and options regarding both the sources of financing and associated instruments.** Ensuring adequate, flexible, and rapid financing is a government responsibility that will require support from the international community. Some international partners have already earmarked funding for eastern Ukraine. The RPA will help to situate these commitments by providing a dedicated institutional framework to facilitate alignment and linkages among funding sources and enabling national and international stakeholder coordination.

16. **A variety of financing instruments can be deployed in support of the RPA's implementation.** These will need to be predictable and harmonized, and also aligned with national and RPA priorities, the national budget process, and the government's institutional framework for recovery in eastern Ukraine. Options include: (i) budgetary allocations from the government; (ii) direct budget support from international partners; (iii) pooling grant financing through a Multi-Partner Trust Fund (MPTF); (iv) international loans; (v) support for the financial sector in the form of participation in specialized instruments and guarantees; and (vi) mechanisms to promote coordination with private sector investments.

In Conclusion

17. **The situation in eastern Ukraine is still evolving, with ongoing military operations and uncertain prospects for a lasting ceasefire.** Nevertheless, it is urgent to formulate a response and provide feasible elements of support in an integrated, fast, and flexible manner. Addressing priority recovery, reconstruction, and peacebuilding needs in the short term will require leadership and substantial commitments on the part of the GoU, along with support from the international community. The response should be tailored to specific needs yet also cognizant of the severe constraints posed by the ongoing conflict. Beyond the analytical and programmatic framework provided by the report, this will necessitate specialized institutional arrangements for prioritizing interventions, flexibly aligning financing and ensuring rapid disbursement, and identifying appropriate implementation capacities to achieve rapid results.

Chapter I

RATIONALE AND SCOPE

1.0 Introduction

1.1 In mid-2014, the GoU requested technical assistance and financial support from the international community to assess and plan priority recovery and peacebuilding efforts in the conflict-affected regions of eastern Ukraine. Following these requests, and within the framework of the 2008 Joint Declaration on Post-Crisis Assessments and Recovery Planning, the EU, UN, and WBG agreed to support the government in undertaking a Recovery and Peacebuilding Assessment (RPA).

1.2 This assessment follows the Post-Conflict Needs Assessment (PCNA) methodology. In view of the continuing conflict in eastern Ukraine, it was decided to undertake an initial rapid assessment as a first phase of activity, which would provide an analytical and programmatic baseline for recovery efforts to inform urgent interventions and provide a basis for scaling up recovery planning and responses as the situation and needs evolve on the ground.

1.3 This report summarizes the findings and recommendations of the first phase of the RPA, which was undertaken in the period November 2014 to February 2015. In light of the dynamic and fluid nature of the situation in eastern Ukraine, these findings should be considered as a snapshot in time. In particular, the assessment of infrastructure damage is limited to the damage that occurred on or before November 2014. Furthermore, the number of registered internally displaced persons (IDPs), utilized as a reference to estimate the needs of this affected population, corresponds to the official government estimates as of February 2015.

2.0 RPA Goal and Vision

2.1 The goal of the first phase of the RPA is to produce a pragmatic and coherent set of recommendations on urgent priorities related to restoring critical infrastructure and services, improving economic livelihoods, and strengthening social resilience and peacebuilding. It is expected that these recommendations will help inform the efforts of the government, its international partners, and other national stakeholders in improving human welfare and stabilizing social and economic conditions in conflict-affected areas under government control, while efforts continue to reach a definitive resolution of the Donbas crisis. In so doing, the recommendations of the RPA are intended as a contribution to, and an integral part of, the broader vision on national recovery and reform in Ukraine.

2.2 Although the conflict in the Donbas region has not yet ended, its impact in the Luhansk and Donestk oblasts, as well as in surrounding areas in Ukraine, has been significant and requires an urgent response from both the humanitarian and development communities. In addition to the significant loss of human life, physical and human capital have been decimated by the fighting, which has also resulted in large-scale population displacement. Economic output and employment in Donbas has also declined dramatically due to widespread insecurity, violence, and the disruption of economic activity, and banks face worsening balance sheets, loss of access to collateral, severe liquidity strain, and soaring risks. While these are problems banks face countrywide,

they are all the more severe in Donbas, where lending has essentially halted as a result of the conflict. There is a clear and urgent need to stabilize the conflict-affected areas under government control and outside the zone of active conflict, and to improve the welfare of the millions who currently live amid heightened vulnerability and deteriorating living conditions.

2.3 The conflict in 2014 began at a time when the economy of Donbas was already in decline due to long-standing systemic inefficiencies and institutional deficiencies. While reviving economic activity and restoring infrastructure is critical to improving the welfare and livelihoods of the population, a return to the status quo ante is unlikely to be sustainable. Rather than restoring productive sectors that had been kept afloat through subsidies in the past, economic recovery and the reconstruction of infrastructure should be underpinned by a new vision for the region's economic transformation and development.

2.4 "Rebuilding better and smarter" in Donbas and nationwide should provide an opportunity to improve the state's relationship with society. Participatory, effective, equitable, and stable governance is essential for restoring the deeply eroded state–society compact. Social cohesion needs to be strengthened, divisive narratives counteracted, and deep economic and social problems addressed. Confident local leadership will infuse transparency in economic and political decision making, and strengthen its accountability to the population by creating space for continuous citizen participation to influence decisions.

2.5 The relationship between central and local governments, and their interaction with economic actors, also requires review. It will be necessary to further clarify the division of tasks for various levels of government, and match them with commensurate resources to avoid unfunded mandates and promote timely and efficient recovery processes. An improved budgetary framework would allow external financial support to flow through government systems to a greater extent, enhancing its efficiency and effectiveness. Public service delivery could also improve substantially if local governments, private businesses, and civil society function with fewer formal constraints, and engage each other more flexibly and effectively.

2.6 In order to do so, several challenges need to be addressed. First, the recent influx of IDPs to government-controlled areas of the East and across the country, and the central government's inability thus far to provide adequate financial and personnel support to regional and municipal governments to meet their needs, pose a major and immediate challenge to the effective provision of services and support, which in turn is contributing to heightened tensions with host communities. To address these growing challenges, local administrations have taken emergency initiatives outside of national-level mechanisms and tried to collaborate horizontally with civic structures and other local administrations. While this is commendable, it undermines existing formal budgetary and administrative processes. In addition, local governments have serious capacity gaps, with their limited precrisis capacity further reduced by the departure of many government workers and the need to organize the relocation of others from areas outside government control. They also face an increasing workload owing to rising numbers of IDPs and the resulting demand for already strained services.

2.7 While the response at the local level will be all-important, a set of factors exogenous to the Donbas situation as such will also shape the future of the conflict-affected areas. Key exogenous factors include restoring peace and citizens' security, keeping the exchange rate policy flexible while containing inflation, and implementing sound budgetary and financial measures across all levels of government. Not all of these factors are under the government's control, but most depend on national-level policies which, if successful, could strengthen the basic functioning of local governments in the East and facilitate reconstruction of the social and economic fabric. This in

turn could set the stage for sustainable recovery, peacebuilding, and long-term growth, creating an environment in which infrastructure reconstruction can be financed in the absence of risk of renewed conflict and destruction.

2.8 Restoring infrastructure and social services contributes to alleviating the suffering of conflict-affected populations and to rebuilding citizens' trust in the state. The adverse effects of conflict-inflicted damage are disproportionately borne by poorer households, the displaced, and other vulnerable and conflict-affected groups. Restoring critical infrastructure and service is thus essential for societal normalization and stabilizing crisis-affected areas, and for creating the necessary conditions for the return and reintegration of the displaced. This is particularly acute in sectors such as housing, transportation, and the provision of critical social services (such as pensions).

2.9 Another prerequisite for effective recovery and reconstruction is the need for strengthened community security and social resilience, as well as community-level reconciliation. Current challenges include escalating crime and violence, and increasing tensions due to the massive forced displacement of conflict-affected populations. Displacement raises demand for social services and housing in host communities, which leads to social tensions between IDPs and host communities. It also contributes to a further surge in poverty, inequality, and to the depletion of trust in the state. The elderly, women, children, and the disabled are most vulnerable to the degradation in access to social services, livelihoods, and justice, and institutional care has been greatly disrupted.

2.10 The first phase of the RPA provides an initial assessment of these various impacts and associated priority needs for recovery and peacebuilding. As such, recommendations in the RPA are intended to provide the basis for an initial framework for recovery efforts that focus on short- to medium-term results over a two-year period. It is hoped that such a framework will help the government and international community identify, prioritize, and sequence recovery interventions on a regular basis, and that it will be continuously updated and adjusted in order to reflect recovery needs and priorities as the situation in the East evolves. The recommendations made in the report should all start within the next 24 months, and most will continue beyond that time frame. However, the costs presented cover only the initial two years.

2.11 It is also hoped that the RPA will inform agreements and programs with important development partners, notably those flowing from Ukraine's EU Association Agreement. Ukraine's discussions with the IMF on macroeconomic stabilization policies also inform the RPA's recommendations focused on local government, community-level and microeconomic aspects of recovery, and the restoration of infrastructure. Finally, the RPA does not focus on immediate humanitarian needs linked to the crisis, but through its focus on durable solutions, looks beyond the humanitarian Strategic Response Plan (SRP) presented by the UN to the international community.

3.0 Overview of the RPA Process

Background

3.1 The RPA process for Ukraine was initiated in September 2014, following requests from the GoU for support on the assessment of recovery needs and priorities in the Donbas region. Following a joint EU, UN, and WBG scoping mission to Ukraine that took place between September 29 and October 3, 2014, the three institutions agreed to organize a two-phase assessment of recovery and peacebuilding needs in the conflict-affected regions of eastern Ukraine on the basis of the PCNA approach.

3.2 The Eastern Ukraine RPA is guided by three primary objectives:

- to support the GoU in the assessment of short-, medium-, and long-term recovery and peacebuilding needs, related strategic and programmatic priorities, and associated financial requirements;
- to inform the development of a collective vision and strategy on longer-term recovery and peacebuilding for the Donbas and other conflict-affected regions, including within the framework of the 2015–2017 Ukraine Economic Recovery Plan and future policy reforms;
- to provide a platform for coordinated and coherent provision of support from the EU, the UN, and the WBG, as well as broader donor assistance—among other things via linkages to the reform processes of interest to the EU's Ukraine Support Group.

3.3 The first phase of the RPA was undertaken in November and December 2014. This phase consisted of a rapid assessment that examined the immediate interventions necessary to stabilize conflict-affected areas under government control and improve the welfare, living conditions, and return prospects for displaced and vulnerable populations. Follow-up consultations were held in January and February 2015 in eastern Ukraine and Kyiv, with government civil society, and international partners.

Assessment Methodology

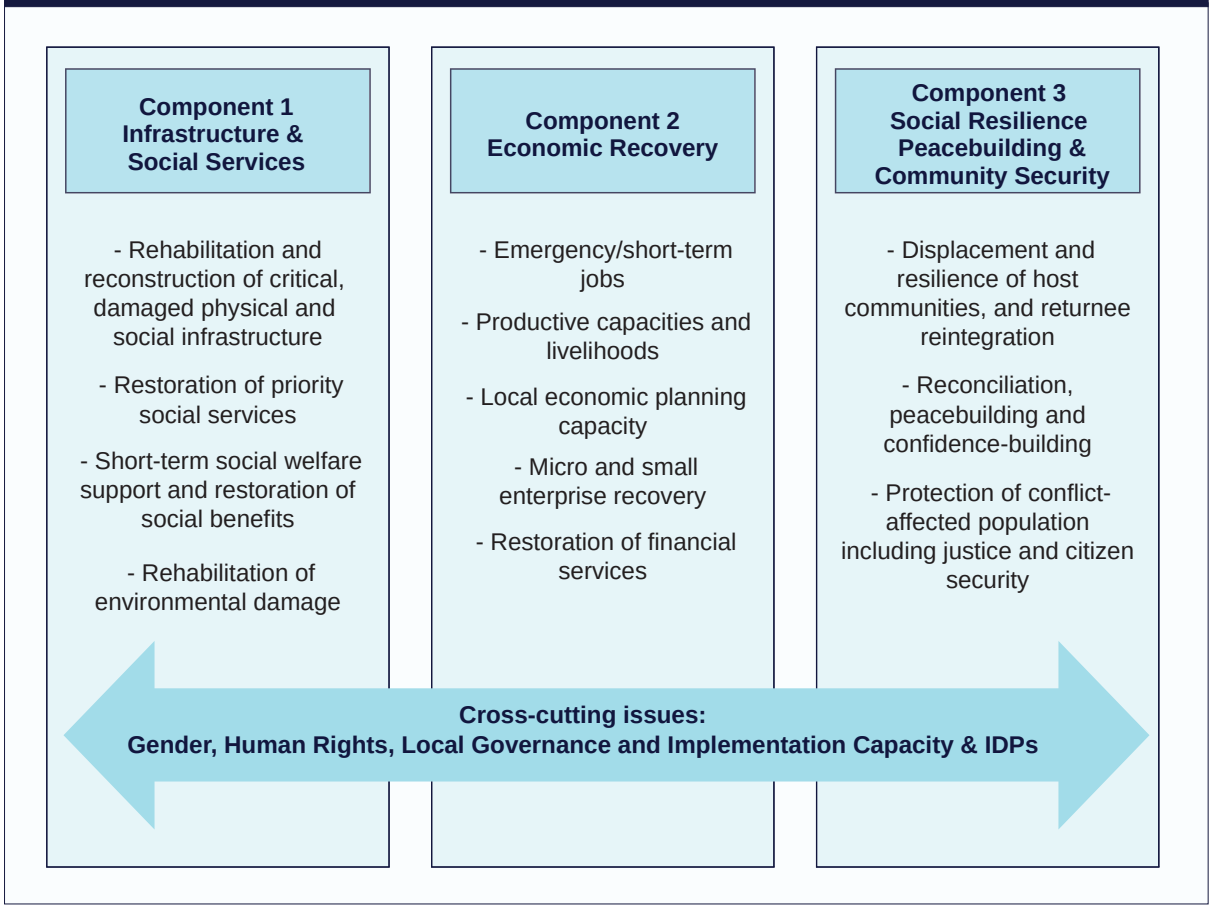
3.4 Phase 1 of the RPA focused primarily on assessing the impact of the 2014 conflict in the Donbas, with specific attention paid to areas under government control and adjacent areas affected by the conflict, including those that host large numbers of IDPs. For the purposes of Phase 1, short-term recovery needs and priorities were defined as those interventions that are necessary to rehabilitate critical infrastructure and services, improve social and economic welfare and livelihoods (particularly for conflict-affected and vulnerable groups), strengthen social cohesion and resilience, and create an enabling environment for longer-term development. These interventions follow up on the provision of humanitarian assistance and pave the way for longer-term durable development efforts.

3.5 The RPA focused on three major thematic areas that correspond to its three strategic objectives (see Chapter III); each of these include treatment of the cross-cutting issues shown in Figure 1.

3.6 Phase 1 of the RPA was organized as a rapid exercise that drew for the most part on existing primary- and secondary-source information and used qualitative and quantitative methods to describe and measure impacts, assess needs, and develop preliminary and costed priority interventions. The joint EU/UN/WBG assessment team worked in collaboration with the Ministry of Regional Development, Construction, Housing and Communal Services and other national ministries and agencies (notably the Ministry of Social Services, the State Emergency Services, and local oblast administrations), and also undertook missions to eastern Ukraine to conduct field assessments to address critical information gaps and permit consultations with regional and local stakeholders.[4]

4 Additional elements of methodology can be found in the detailed component reports in Volume II of this RPA.

Figure 1. Major thematic areas of the RPA



3.7 It must be emphasized that the division of the RPA into these three components is more administrative than technical. The three components have been designed to be mutually complementary and strategically synchronous. For example, the rehabilitation and reconstruction of damaged infrastructure in Component 1 will provide opportunities for introducing labor-intensive construction technologies. This is designed to link well with Component 2, priorities for jump-starting local employment, particularly in the case of subdistrict and community infrastructure. Similarly, the equitable, consistent, and harmonious delivery of basic services across host and IDP populations proposed in Component 1 will complement the outcomes of Component 3 by improving social cohesion by reducing competition for such services.

Geographic Scope

3.8 For this assessment, the geographic scope was defined on the basis of the nature and extent of damage, and further broken down by (i) most affected; (ii) less affected; and (iii) indirectly affected areas (oblasts and raions)(see Table 1).[5]

5 This typology does not represent diminishing levels of damage or impact, but is rather intended as a way to demarcate areas by the type of damage—in some zone III areas, for instance, the cumulative impact of the conflict exceeded the impact in some zone II areas.

Table 1. Geographic focus of RPA Phase I		
Crisis impact classification	**Oblasts/raions covered**	
Zone I Most affected—significant infrastructure damage and disruption of social services and livelihoods	Luhansk oblast: Novoaider Severdonestsk Stanytsya Luhanska Lysychansk	Donetsk oblast: Kramatorsk Slovyansk Artemivsk Konstantynivka Krasnoarmiisk Volnovakha Volodarske Mariupol
Zone II Less affected—minimal infrastructure damage, disrupted connectivity and service networks, hosting IDPs	Remaining raions under government control in Luhansk and Donetsk oblasts	
Zone III Indirectly affected—hosting IDPs, additional strain on service provision and livelihoods, received most of the injured	Kharkiv oblast: Kharkiv, Izyum To a lesser extent, the rest of Ukraine	Zaporizhzhia oblast: Zaporizhzhia Berdiansk Dnipropetrovsk

Assessment Process

3.9 On November 13–14, the RPA team hosted a workshop with the GoU, outlining the component Terms of Reference (ToRs) and the assessment methodology. Representatives and specialists from across the GoU's various ministries and sectors attended the workshop. From the inception of the RPA, the component teams worked closely with government counterparts to secure secondary data.

3.10 From November 16–22, EU, UN, and WBG sector specialists conducted field missions to Kramatorsk, Slovyansk, Semenivk, Novoivanivka, Donetskoye, Slovyansk, Severodonetsk, Novoaidar, Lysychansk, Kharkhiv, Zaporizhzhia, Dnipropetrovsk, Berdiansk, Mariupol, and other rural locations to collect primary data and meet with local actors. The data collected from these field missions, coupled with the existing secondary data fed into sector-specific reports, was further consolidated into component reports.

3.11 The assessment findings were presented to the GoU through a workshop at the Ministry of Regional Development, Construction, Housing and Communal Services on December 16. Both volumes of the assessment were provided to the GoU in late December for review.

3.12 In January–February 2015 the RPA's initial results were reviewed with the government through a series of technical workshops, and discussed with national stakeholders (including civil society, nongovernmental organizations (NGOs), and the private sector) and international partners through consultations organized in Kyiv and Kharkiv. This report has been revised to incorporate feedback received during both the technical reviews and consultations.

Outputs

3.13 The following outputs were produced during the RPA Phase 1 exercise:

- Impact assessment, results, and findings—analysis of the direct and indirect impacts of the conflict in the various sectors/subsectors assessed.
- Overview of short-term (24 months) recovery priorities—identification of priority needs and related interventions based on the RPA's strategic objectives and outcomes.
- Strategic Results Framework (SRF)—overview of baseline conditions, performance indicators, and likely impact timelines of the proposed interventions.
- Institutional arrangements, governance, and implementation capacity—overview of institutional arrangements and governance mechanisms necessary to implement the strategy and achieve results/outcomes; overview of implementation capacity (current constraints and priorities).
- Costing of priorities/budget—overview of financial requirements for implementing proposed priority interventions.

RPA Report Structure

3.14 These outputs are presented in a report comprised of two volumes:

- Volume I provides an overview of the results of the assessment, key findings, and recommended interventions for the two-year period, in the form of this synthesis report.
- Volume II provides the detailed assessment reports for each of the RPA's three components.

4.0 Limitations

4.1 The first phase of the RPA was undertaken in a short period of time (with much of the actual data collection and analysis limited to a few weeks in November and December 2014), in a context of active conflict and insecurity, where the impacts on infrastructure and human welfare continue and are ongoing. Limitations in access due to insecurity and significant gaps in the availability of data for the Donbas limited the data obtainable to already existing primary and secondary sources, and precluded collection of additional quantitative and qualitative data. Furthermore, needs in some sectors, such as agriculture, were not examined in depth nor were recommendations made. For this reason, the RPA report should be considered as a preliminary analytical baseline that will need to be further refined, adjusted, and expanded as conditions and needs evolve.

4.2 As a result, the RPA report must not be seen as a definitive end to the process of assessment—but more the beginning of a continuous process and mode of assessment. Some sectors such as housing, environment, and employment, among others, require more work due to the present unavailability of full damage data, particularly in areas with active conflict. Moreover, other areas, such as social cohesion, require additional time in order to gather data given the sensitivity of the issues and the longer time frames required to measure changes in social dynamics. Given the unpredictability and uncertainty of the situation in some parts of the crisis-affected region, the government structure established to coordinate and lead recovery efforts will need to play a key role in regularly updating this assessment. This may require incorporating the data template and analysis methodology employed for this assessment into the government's preexisting systems. Such institutionalization of this data-collection and recovery-planning approach will

help create a temporal, sectoral, and geographical damage and needs database of actionable and comparable information. This will contribute to more systematized and "time-sliced" recovery planning to address the unprecedented challenges and requirements posed by an ongoing conflict, for which RPA partners can continue to provide active technical support.

5.0 Risks

5.1 Undertaking recovery planning in a context of ongoing crisis is never without significant risks. Key risks in the context of eastern Ukraine include:

5.2 **Continued uncertainty and conflict.** The outcome of the conflict in the East is currently uncertain, which renders assessment and planning of recovery activities extremely difficult. At present, there is the risk that the conflict could still escalate and expand, or become a "frozen" conflict. On the other hand, a satisfactory diplomatic solution may be found. From a recovery perspective, the only way to manage the risks associated with the uncertainty concerning the trajectory and duration of conflict is to maintain a dual-track approach that combines on the one hand a process of continuous assessment of recovery needs, and on the other hand using an implementation framework that allows for flexible and responsive programming of recovery interventions as needs and opportunities emerge.

5.3 **National capacity on recovery.** The ongoing conflict in eastern Ukraine and the significant burdens imposed on the government with respect to managing the multiple dimensions of the crisis (humanitarian, political/diplomatic, security) alongside the country's broader macroeconomic problems pose the risk of hampering the government's ability to focus on and manage recovery efforts in eastern Ukraine. At the national level, this could include the inability to ensure adequate coordination between ministries, national services, and the international donor community; in eastern Ukraine, this could include the inability of local administrations to support, oversee, and manage the implementation of specific recovery interventions. Mitigating measures include the need to ensure strong political commitment at the highest levels in government for recovery efforts, and the provision of adequate technical, staffing, and financial means to government structures charged with coordinating and implementing recovery efforts centrally and locally.

5.4 **Coordination capacities.** Multisectoral recovery interventions in low-capacity environments heavily impacted by conflict necessitate strong coordination between the national government, international donors, and a broad array of governmental and nongovernmental actors and implementing agencies. A prerequisite for such coordination is the establishment of a government structure with the appropriate mandate, and technical, human, and financial resources to lead and coordinate recovery efforts at both the national and local levels. In the absence of such a structure, there is a significant risk that recovery efforts will falter, or be insufficient to address needs in a responsive, targeted, and effective manner, which, as the experience of other crisis contexts illustrates, could lead to duplication, poor prioritization, major delays, and ineffective programming.

Chapter II

CONTEXT ANALYSIS

6.0 Political and Security Developments in 2014: Backdrop to the Conflict

6.1 In November 2013, antigovernment demonstrations erupted in Kyiv, sparked by President Viktor Yanukovych's decision to suspend preparations for the signing of an association agreement with the EU that had been under negotiation since 2007. The demonstrations, which subsequently became popularly known as "the Revolution of Dignity," gained strength and security forces employed excessive force to control unrest, particularly in Independence Square (Maidan) in Kyiv, where over 100 people were killed between January and February 2014, including by sniper fire. On February 22, President Yanukovych left Kyiv and subsequently the country, whereupon Parliament voted for his dismissal. Parliament reinstated the 2004 constitution, thus reverting to a parliamentary–presidential republic with a stronger role for Parliament.

6.2 Following the developments in Crimea, the UN General Assembly adopted Resolution 68/262 on 27 March 2014 which states that it:

"[...] 5. *Underscores* that the referendum held in the Autonomous Republic of Crimea and the city of Sevastopol on 16 March 2014, having no validity, cannot form the basis for any alteration of the status of the Autonomous Republic of Crimea or of the city of Sevastopol; Calls upon all States, international organizations and specialized agencies not to recognize any alteration of the status of the Autonomous Republic of Crimea and the city of Sevastopol on the basis of the above-mentioned referendum and to refrain from any action or dealing that might be interpreted as recognizing any such altered status."[6]

6.3 In May 2014, "people's republics" were proclaimed in the parts of both Luhansk and Donetsk oblasts not under government control, following referenda that were not recognized by the GoU and were widely criticized by large parts of the international community. On May 25, 2014, Ukraine held early presidential elections. Petro Poroshenko won in the first round with 55 percent of the vote. The elections were qualified by the International Election Observation Mission as "a genuine election largely in line with international commitments and with a respect for fundamental freedoms in the vast majority of the country."[7]

6.4 In late May, Ukrainian forces began a concerted military response to reestablish control over areas controlled by pro-Russian separatists and gained significant ground until they were pushed back. Military clashes continue, though recently on a significantly lower level, despite the existence of a peace agreement (the Minsk Protocol) signed by Ukraine, the Russian Federation,

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6 On March 27, 2014, the UN General Assembly passed Resolution 68/262 stating that the referenda had "no validity" and "cannot form the basis for any alteration of the status of the Autonomous Republic of Crimea or the city of Sevastopol" (see http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/68/262).

7 International Election Observation Mission. 2014. "Ukraine—Early Presidential Election, May 25, 2014. Statement of Preliminary Findings and Conclusions." http://www.osce.org/odihr/elections/ukraine/119078?download=true.

and the separatists on September 5, 2014, a memorandum signed by all sides of the conflict on September 19, and a new package of measures in support of the implementation of the Minsk Agreements, which notably renewed the cease-fire provisions on February 12, 2015.

6.5 Parliamentary elections were held on October 26, with 27 seats for areas not under government control remaining vacant, and a new government was formed on December 2, 2014. The government decided to cease social service delivery and payments to areas beyond government control as of December 1, 2014; such a situation had de facto already existed for months due to the collapse of the banking system in the separatist-held region.

6.6 The ongoing conflict in eastern Ukraine has had a significant impact on human welfare and on social and economic conditions in the East. To date, out of the 5.2 million people who resided in conflict-affected regions in the East, at least 3.9 million have been directly affected by the conflict. As of late February there are a reported 7,000 deaths (including military personnel), some 18,000 wounded, and more than 1.6 million displaced both internally and outside of Ukraine.[8] The actual figures are likely considerably higher.

6.7 Before the conflict, the Donbas region had already faced significant long-term challenges related to poverty, demography, and its economic structure. Many of the country's key industries that are located in this region have experienced long-standing decline and have been further damaged by the conflict and trade disputes. However, the deteriorating economic situation poses even more acute risks for the well-being of the population of the East. This situation is likely to be compounded by the significant loss of services, shelter, and livelihoods associated with the conflict, necessitating the urgent restoration of basic infrastructure, renewed access to social services, and access to employment or other income-generating opportunities. The conflict in the East has also significantly deteriorated levels of social cohesion, trust, and cooperation throughout the country—already low after years of divergent and politically charged narratives about history, language, and patriotism.

6.8 Recovery in the conflict-affected regions of the East therefore offers an opportunity to strengthen unity in the country, building on the desire of the overwhelming majority of Ukrainians to remain united.[9] While immediate attention will need to be focused on specific post-conflict needs in the East, bridges must also be built between all parts of Ukraine. Ukraine's dire fiscal situation will be a primary concern for both the new government and the population. However, failure to also address the associated humanitarian and development concerns related to the conflict, including those outlined above, will have serious implications in terms of increasing vulnerability, lost confidence in the state, and risk a renewed humanitarian crisis. Ukraine's conflict recovery process—to create a foundation for stability and development——must therefore be both reflective and responsive to the country's underlying structural drivers of conflict and societal tension, as well as to potential opportunities to build resilience and promote civic engagement.

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8 Sources include the Ministry of Social Policy, UNOCHA, UNHCR, and UNICEF, all of which provide regular updates; and ACAPS (Assessment Capacities Project). 2015. "Eastern Ukraine: Conflict." Briefing, ACAPS, Kiev.

9 According to a Pew Research Center Spring 2014 global attitudes survey, 77 percent of Ukrainians prefer to remain united.

7.0 External and Internal Factors Underpinning the Situation

7.1 The Maidan protests most fundamentally reflected deep-seated dissatisfaction with a system perceived as corrupt and lacking accountability, marked by weak rule-of-law institutions and a judiciary that was neither independent nor able to ensure due process[10] and which was also perceived as being highly corrupt. For many Maidan protestors, alignment with European Union standards held the prospect of correcting these endemic governance deficits that severely undermined the relationship between citizens and the state.

7.2 Most of present-day Ukraine[11] was incorporated into the Soviet Union in 1922 and the remainder in 1945, and Ukraine became an independent state when the USSR dissolved in 1991.[12] Since Ukrainian independence, insufficient attention has been paid to nation building: that is, strengthening the attachment of individuals and culturally diverse communities to a national entity.

7.3 Economic and social discontent are evident in most of Ukraine's regions. Yet against the background of the events of 2014, perceptions of regional identity and regional differences were manipulated and used for geopolitical purposes not only by internal but also external actors, polarizing "pro-Ukrainian" and "pro-Russian" narratives and fueling tensions.

7.4 Economic distress (see below), now coupled with overt military conflict and a de facto information war, has eroded social cohesion. Issues involving social payments and subsidies, employment and salaries, accountability mechanisms, the role of personal wealth in national politics, and the transparency of budgeting and the reform process have also become highly politicized and stoked further grievances within the population.

The Economy

7.5 Following independence, the country has experienced a significant economic contraction. In the 1990s, unemployment rose alarmingly and an emergent oligarchic class established effective control over state assets, undermining transparent and effective governance. The economy began to recover in 2000, only to falter again in the global recession of 2008. In late 2014 a financial crisis loomed as a conflict-induced economic decline, coupled with rapid currency depreciation, rising inflation, and depletion of international reserves made the rising fiscal deficit unsustainable and undermined the solvency of a large part of the banking system. Inflation reached an annualized rate of about 20 percent in late 2014 and will perhaps be higher in 2015; over the past year, real household incomes have dropped by 5 percent and the exchange rate of the national currency, the hryvnia, has fallen dramatically.

7.6 The dire economic situation has been felt across the whole country: in the East, with its largely obsolete and inefficient heavy industries and in the West, which lacks the equivalent degree of industrialization and has even lower GDP levels. However, key industries were already in

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10 UN Human Rights Council. 2014. "Report of the United Nations Commissioner for Human Rights on the Situation of Human Rights in Ukraine." Report, UN Human Rights Council, Geneva.

11 A part of western Ukraine was under Polish control until the end of World War II, after which today's borders were established.

12 On December 1, 1991, more than 90 percent of Ukrainians voted for independence with majorities in every region, including 56 percent in Crimea.

decline; significant components were outdated, inefficient, and unprofitable, financed by subsidies and by wage arrears. Amidst this economic decline, many residents in eastern Ukraine, (particularly pensioners), are nostalgic for the social safety nets and managed economy of the Soviet Union, and thus more oriented toward Russia as its present-day successor.

7.7 It is estimated that between 30 and 60 percent of Ukraine's economic activity occurs in the shadow and informal economies, and therefore goes unreported and generates no direct tax revenue.[13] On the one hand, much of the resultant burden is borne by the citizenry through the underfunding of social programs and local budgets, resulting in worsening quality of services and higher out-of-pocket payments, both official and unofficial, in health and education. On the other hand, the informal sector is flexible and more easily generates employment and livelihoods (and through the multiplier effect contributes to VAT revenue), although it offers no employment-related social protection.

7.8 As the Donbas historically contributed approximately 16 percent to the GDP and 25 percent to Ukrainian exports, the conflict in the East has had significant economic implications for the whole country. Trade disputes with Russia have further damaged the Ukrainian economy, again most heavily in the East. Ukraine's real GDP is expected to decrease by 8 percent[14] in 2014 and is forecast to contract by a further 7.5 percent in 2015, while the exchange rate has heavily depreciated since early 2014. Over the same period, registered unemployment has increased from 7.7 percent to 9.3 percent. The economic spillover of the conflict thus extends to the entire country.

Governance

7.9 The current conflict, combined with geopolitical factors and social and economic volatility, reveal serious governance challenges and the absence of the elements of governance that could manage instability. Over the past 10 years, little progress has been made to ensure rule of law and access to justice or to develop a working system of governance that is participatory, effective, and stable. There are no clear ways to hold leaders accountable between elections, to ensure transparency in economic and political decision making, or to allow effective citizen participation in governance between elections. Distrust of government runs very deep and the state–society compact has eroded. Though there have been significant improvements, there is still too little dialogue between the government and the citizenry, which in turn lacks the means to influence the government's decisions or supervise its actions.[15]

7.10 Government and governance methods in Ukraine are heavily centralized. Government functions are exercised through strong central state and exclusive political power, and local problems are solved primarily by transferring the issues up to the national level. Formally, local governments are autonomous entities, but in reality are heavily controlled through the financial and administrative channels of the national government. Despite several waves of decentralization reforms, public service provision is still controlled by the central public administration. However, oblasts, raions (districts), and hromada (municipalities/local administrations) are also responsible for local public service provision. This arrangement reduces the population's ability to influ-

13 A range of government and nongovernment sources cite figures in this range.

14 World Bank projections.

15 A nationwide public opinion poll conducted just prior to the outbreak of civil unrest shows that 76.5 percent of respondents reported that they have no opportunity to supervise the activity of government structures.

ence, or hold authorities accountable for, political, financial, and management decisions regarding basic public services. It also increases the incidence of corruption and misalignment of budget allocations with local priorities. A process of decentralization started in late 2014 with decisions on fiscal decentralization. This was followed by further legal changes in early 2015. However, many key measures for decentralization still need to be enacted.

7.11 These structural issues have significantly contributed to the current crisis. The center–dependent governance model discouraged horizontal cooperation between regions and also between local communities within the same region. This disconnect exacerbated existing social differences and precipitated a misperception shared in all parts of Ukraine—that other parts of the country were better funded and that their needs were better addressed. These misperceptions have been reinforced by the electoral rhetoric of regional political candidates in their attempts to mobilize their electorate.

7.12 Corruption is a widespread problem in Ukrainian society. Ukraine was ranked 142 out of 175 countries in Transparency International's 2014 Corruption Perceptions Index, the lowest of all eastern European countries. Transparency International estimates that 30 to 50 percent of all Ukrainians have faced governmental corruption. The intricate connections between political life and business life in Ukraine revolve around the influence of a small number of rich and powerful individuals, commonly referred to as oligarchs, who wield disproportionate influence over political, economic, and, as a result, social life. This phenomenon is fueled by systemic problems such as lack of transparency in party financing, permissive practices concerning conflicts of interest, and, until recently, the tenuous connection between the electorate and those who hold political power. It is still too early to judge whether recent positive changes in the political culture in this field are sustainable.

7.13 The Maidan movement in effect became a vehicle that aimed to destroy this politico–business nexus and build a new, democratic, and "clean" Ukraine. However, the interplay between the powerful individuals, their patronage systems, and politics continues to negatively influence the country's trajectory. While Ukraine's civil society is relatively strong, it is still fragile; though it has been able to make progress in engaging citizens on issues such as local and national politics, the environment, health, education, and local development, its engagement in governance remains nascent. Its media is similarly weak, and easily manipulated by pressure from official and private interests. The general level of trust in the media stands at no more than 40 percent and is fully trusted by only 3.3 percent of Ukrainians.[16] The weak media and a growing but still underdeveloped civil society with limited engagement around governance issues feed into limited mechanisms for citizen voice in political parties and institutions of governance.

8.0 Population Displacement

8.1 To date, at least 3.9 million people have been directly affected by the conflict, with some 7,000 deaths and 18,000 wounded. Around 1 million people are registered as internally displaced and another 640,000 have taken refuge in other countries.[17] Successive waves of internal dis-

16 Analysis of 2011–2013 public opinion survey data on Ukrainian society's major problems and priority areas for development of Ukraine's internal and foreign policy report, Social Research Center of the Institute of Sociology of the National Academy of Sciences of Ukraine, 2014.

17 Sources include: ACAPS, 2015; UNOCHA. 2015c. "Ukraine." Situation Report No. 29, UNOCHA, Kiev.

placement followed the first outflows of residents from Crimea in March 2014. By June, the number of IDPs in the country rose to 54,400, including 12,000 from Crimea, as violence in eastern Ukraine escalated.[18] By August, following an intensification of the conflict in the East, the total had reached 117,000, with 15,000 originating in Crimea.[19] Despite a cease-fire agreed to on September 5, violence continued through October 2014 as government forces launched an offensive to regain control of territory in late summer. That month, the number of IDPs tripled to 415,000, driven primarily by concerns over physical security, colder weather, and the deterioration of services and rule of law in areas not controlled by the government.[20], [21] By mid-January, the number of IDPs had risen to 660,000 and by mid-February had passed 1 million.

8.2 Interviews with civil society organization (CSO) activists and the displaced suggest that many IDPs do not seek out aid or register as IDPs for government services, out of fear that male members of displaced families might be conscripted or out of concern about how they may be treated by the authorities, as well as anxiety over the consequences that registering may have in terms of separatist de facto authorities in their home areas.[22] Furthermore, it is widely believed that those IDPs who register are among the most vulnerable subset of the IDP population[23] and most in need of social support. (See Chapter V, Transversal Issues and Priorities for additional details on the characteristics of population displacement).

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18 This is the figure UNHCR issued in June based on IDPs that were counted by local authorities, CSOs, and those that had registered for diverse government services. As with all IDP numbers for 2014 cited in this analysis, the actual number may be much larger due to the absence of a central registry and inconsistent registration methods employed by CSOs and local authorities. With no central registry, IDPs that had been exiled for some time but may have registered for aid either because of their deteriorating circumstances or otherwise, may appear as "new" IDPs in internal displacement tallies. It is possible, for instance, that the rise in IDP numbers toward the end of September 2014 is attributable this phenomenon.

19 See trends as described in: UNOCHA. 2014a. "Ukraine." Situation Report No. 15, UNOCHA, Kiev.

20 Focus group data and key informant interviews, Kharkiv and Dnepropetrovsk in October and November 2014. Included in the total were the now 17,749 persons displaced from Crimea. See UNOCHA reporting May 2014 through September 2014. Most recent figures are from: UNOCHA. 2014b. "Ukraine." Situation Report No. 16, UNOCHA, Kiev. Note that UNHCR issues figures of 417,246 IDPs, with 18,779 from Crimea and 398,467 from eastern Ukraine (see: UNHCR. n.d. "Internally Displaced Persons." http://unhcr.org.ua/en/2011-08-26-06-58-56/news-archive/1231-internally-displaced-people).

21 These figures, as with all totals for the internally displaced issued by UNHCR and UNOCHA in the last half of 2014, were based on Ukraine SES estimates. SES data is determined using information recorded by local CSOs and the number of IDPs that have registered for diverse government services. Actual internal displacement figures over the period were believed to be much higher (perhaps up to three times higher) as a result of the absence of a central registry, inconsistent reporting methods by CSOs, and the diverse registration practices of separate government agencies. (See UNOCHA, 2014a).

22 Interviews with IDPs and CSOs assisting IDPs in Kharkiv and Dnepropetrovsk, October 2014.

23 See, for example: UNHCR. 2014a. "Ukraine UNHCR External Update on the Situation of Displaced Persons 5–23 September 2014." Report, UNHCR, Geneva.

Chapter III

OVERVIEW OF RECOVERY AND PEACEBUILDING PRIORITIES FOR EASTERN UKRAINE

9.0 Proposed Approach to Identifying Recovery and Peacebuilding Priorities

9.1 Despite the ongoing conflict in eastern Ukraine and the broader historical, social, and other structural drivers of the crisis, both the government and its partners recognize the need to urgently address reconstruction, economic recovery, and peacebuilding needs in the areas affected (directly and indirectly) by the conflict in the East. In this context, the RPA should be seen as an iterative process to assess the impact of the conflict and identify key priorities for recovery and building peace. For the first phase of the RPA, and in light of the ongoing crisis, the focus is on improving human welfare, particularly of the displaced, and avoiding the further exacerbation of the conflict drivers described above. The short-term recovery interventions proposed by the RPA should also help inform, through positive precedents, future reforms in the areas of economic policy, governance, and social services, as well as a longer-term and comprehensive recovery and peacebuilding strategy.

9.2 In order to systematically lay the basis for identifying, prioritizing, and sequencing recovery and peacebuilding initiatives, recommendations are presented within the framework of three strategic components:

- **Strategic Component 1: Restore critical infrastructure and social services.** The sustainable restoration and improvement of infrastructure and social services holds the key to normalizing and stabilizing society in the crisis-affected areas and to creating conditions for IDP return and repatriation. Efficient and effective recovery of infrastructure and service delivery will not only ameliorate the affected populations' suffering, but also help restore citizens' trust in the state. In addition to "brick-and-mortar" damage to infrastructure, the loss of equipment, the exodus of employees, and a drop in staff skills and capacity in the directly affected regions are other challenges that need to be addressed. Ensuring satisfactory provision of social services in indirectly affected areas is complicated by the influx of displaced populations; in some cases this is quite dramatic, requiring that existing services be expanded and adjusted to meet these additional needs.
- **Strategic Component 2: Promote economic recovery.** In the context of widespread disruption of economic activity, loss of livelihoods and employment, and a deteriorating macroeconomic environment, this report proposes a multi-track approach to economic recovery aimed at reducing the vulnerability of conflict-affected populations and increasing societal resilience. This approach consists of generating short-term employment opportunities, improving productive capacities and livelihood options, strengthening local economic planning, stimulating small and medium enterprises (SMEs) and the private sector, and facilitating provision of financial services. Collaboration between local governments, civil society, and the remaining private sector will be essential to address key bottlenecks and rebuild the local

economy and social trust.

- **Strategic Component 3: Strengthen social resilience, peacebuilding, and community security.** Restoring and strengthening the social fabric is a critical requirement for effective and sustainable recovery. The risk of renewed conflict remains in the absence of reconciliation and peacebuilding, which puts investments in infrastructure, services, and economic recovery at risk. Priorities in this regard include building trust, strengthening the resilience of displaced populations and host communities, better protecting conflict-affected populations, and promoting reconciliation, peacebuilding, citizen security, and access to justice. Cross-cutting issues of gender, human rights, and capacity development need to be fully integrated.

10.0 Underlying Principles and Considerations

10.1 Achieving meaningful progress in recovery and peacebuilding in eastern Ukraine during a period of continued uncertainty and conflict requires a robust approach to implementation. Drawing on the lessons of postcrisis recovery strategies in other countries, the following principles are proposed:

- **Targeting.** In order to ensure that recovery interventions directly impact the populations most in need, they should focus on specific population groups. Priority groups include the displaced (including actual and potential returnees), resident and host communities, youth, women, combatants, and ex-combatants (and their home communities).
- **Coordination and communication.** Effective coordination will be necessary to ensure that sectoral interventions are mutually complementary and achieve the combined impacts necessary for maximizing recovery and peacebuilding prospects. A clear communications strategy will also be important to ensure that stakeholders are well informed and to manage expectations.
- **Management of the recovery process.** How a recovery process is led and managed can significantly impact peacebuilding. In this context, stakeholders' broad participation and engagement will be important to define collective priorities, while empowering local communities and authorities in decentralized decision-making processes will be critical to build trust and ensure responsiveness to local needs and priorities.
- **Implementation modalities.** Recovery provides an opportunity to not only address the damages caused by conflict, but also to consider how improvements can be made across sectors to improve economic welfare, societal cohesion, and service provision, and to address constraints and challenges that existed prior to the conflict. Moreover, and in view of the need for flexibility, responsiveness, and speed in achieving immediate results, it may be necessary to consider a wide range of implementation mechanisms for peacebuilding and recovery activities—including both government and nongovernmental mechanisms.
- **Establishing an enabling policy framework for recovery.** This is critical for efficient and effective implementation and will require consensus building around key cross-cutting operating principles for multisectoral recovery, such as: subsidiarity and local implementation, public sector facilitation of private sector recovery, restoring sustainable livelihoods, independent oversight and transparency, and effectively managing public expectations and grievances.

11.0 Prioritization and Sequencing

11.1 The continuation of the conflict in eastern Ukraine and the likelihood that the situation will remain volatile and fluid for some time precludes, for the time being, the development and implementation of a comprehensive recovery plan in the conventional sense. Rather, a flexible and responsive approach to addressing recovery needs is required that takes into account the strong likelihood that impacts, needs, and opportunities will change and evolve over time. Such an approach would necessitate the identification and prioritization of recovery interventions on a regular basis, which would be sequenced and implemented alongside humanitarian, political, and security efforts. The following criteria could be considered as a basis for prioritizing the initiatives in conflict-affected areas under government control:

- Urgency and criticality of needs, and the feasibility of rapid action (key infrastructure, short-term jobs, IDP essential welfare)
- Minimum security and operating conditions
- Stabilizing affected populations (IDPs in host communities)
- Social cohesion initiatives
- Immediately feasible, rapid, and visible impacts

12.0 Transversal Issues

12.1 The RPA team identified four issues that need to be addressed in a transversal manner: the needs of the internally displaced, local governance, gender, and human rights. These are addressed in more detail in Chapter V.

12.2 **Internal displacement.** To contain the developmental impacts of displacement and leverage the skills and presence of the displaced for more positive outcomes for all, four key challenges must be addressed: delivering services such as security, education, health, and social payments, along with basic infrastructure in equal measure to the displaced and host populations; assisting the displaced regain control of land and property; reestablishing livelihoods and social bonds that are disrupted by forced displacement and conflict; and establishing accountable and responsive governance and rule of law at the local level. These are the barriers to durable solutions for Ukraine's internally displaced—and they are, at the same time, critical development challenges for the country's entire population. The RPA integrates these concerns throughout the three components outlined above. This approach is premised on the continuation of the IDP crisis for the foreseeable future and the associated strains that such population movements place on state finances, service delivery mechanisms, governance, and social cohesion.

12.3 **Local governance.** The crisis has had widespread impacts on local governance[24] in affected areas, including on institutional capacities, assets, and infrastructure; local budgets and income streams; delivery of municipal services; local social dynamics; relations between national, regional, and local levels of government; and state–society relations and citizen–state trust. Local

24 See: UN and World Bank. 2014. "Rebuilding Core Government Functions in the Immediate Aftermath of Conflict: Key Issues and Priorities." Report, UN and World Bank, Washington, DC. A local governance function is one that is statutorily or customarily mandated to one or more stakeholders of local dimension, including local governments, local state administration, local CSOs/CBOs, communities, the private sector, and so on.

governance is an intrinsic part of recovery processes and is addressed throughout the RPA. Ensuring support for and strengthening local governance will promote efficient implementation and coordination of activities on the ground, ensure responsiveness to urgent and emerging needs, improve public trust in the capacity of the state, and promote a more sustainable, participatory, inclusive, and accountable recovery process.

12.4 **Gender.** The crisis has had different impacts on men, women, children, and the elderly. Therefore, recovering from the crisis will necessitate a recognition of, and response to, gender and age-differentiated needs. The RPA has adopted a gender-mainstreaming approach—meaning that the analysis of the crisis impacts, resultant needs, and related strategic recommendations all take this into account. Moreover, it recommends that gender sensitivity be similarly integrated into the implementation of the recovery strategy as an integral dimension of successful recovery programming.[25]

12.5 **Human rights.** The armed conflict in eastern Ukraine has been accompanied by numerous allegations of human rights abuses by all parties, including gross violations such as summary executions, abductions, torture and ill treatment, arbitrary detention, and intimidation and harassment. The deterioration of law and order in conflict-affected communities is also believed to have resulted in some armed groups and security providers acting with impunity and a lack of transparency and accountability, which adversely impacts the economic and social rights of the conflict-affected populations (including displaced communities) and citizen–state trust. The armed conflict has also weakened respect for fundamental human rights. Where appropriate, human rights–related measures have been mainstreamed throughout the recommendations.

25 Significant international experience on gender-sensitive recovery programming, including from the UN Security Council Resolution 1325 on Women, Peace and Security, is available to support the implementation of the RPA.

Chapter IV

SUMMARY OF RPA STRATEGIC COMPONENTS

13.0 Strategic Component 1: Restore Critical Infrastructure and Social Services

13.1 The sustainable restoration and improvement of infrastructure and social services holds the key to normalizing and stabilizing society in the crisis-affected areas and to creating conditions for eventual IDP returns. Efficient and effective recovery of infrastructure and service delivery will not only help ameliorate the affected populations' suffering, but also help restore citizens' trust in the state. Therefore, it is imperative to pay immediate attention to addressing critical service delivery disruptions and shortcomings caused by the conflict.

13.2 In addition to the "brick-and-mortar" damage to infrastructure, loss of equipment, exodus of employees, and a drop in staff capacity in the directly affected regions, there are other challenges that need to be addressed. Ensuring satisfactory provision of social services in indirectly affected areas is further complicated by the influx of displaced populations. For example, preschools are fast approaching enrollment capacity; the road network is suffering from increased usage; and sewage systems need to handle increased loads caused by a steady influx of IDPs in various raions. Table 2 provides an overview of infrastructure and social service damages.

Table 2. Infrastructure and social services, Total estimated damages

	US$ (millions)
Education	4.9
Energy	52.7
Health	6.5
Public buildings and housing	21.6
Social welfare	2.9
Transport	352.0
Water and sanitation	22.4
Environment	n/a
Total	**463**

Impact of the 2014–2015 Crisis

13.3 This section provides a summary of the direct and indirect impacts of the conflict in the various subsectors assessed as of November 2014. Impact on physical infrastructure and associated ability to provide social services can be divided into three broad categories: (i) damages caused by intensive fighting and artillery usage around key facilities; (ii) the loss of facilities to antigovernment armed groups; and (iii) damages to service provision and supply infrastructure that prevent services from reaching the affected population. Total damages to infrastructure and social services are estimated at around US$463 million. Of these, damages to the transport and energy sectors constitute a bulk of the impact. While the impact on the environment could not be quantified in Phase 1 of the RPA, it is substantial and needs attention. Furthermore, losses that have been incurred in various subsectors but not fully quantified in this phase of the assessment include: (i) diminished output capacity due to infrastructure damage and fuel shortages affecting

revenue; (ii) increased production costs and cost hikes resulting from emergency infrastructure repairs; (iii) the inability to efficiently transmit and deliver services because of infrastructure damage (which has also been impeded by the need for emergency infrastructure repairs); and (iv) reduced ability of consumers to pay for services received.

Rationale and Recovery Objective

13.4 Infrastructure and social services encompass a broad swath of public life. A reliable energy supply powers public, private, and government operations, helps educational institutions function, frees caretakers (mostly women) to seek employment, and allows transport networks to become the arteries of a healthy economy. As such, this component has multiple linkages with the social cohesion and economic recovery components of the RPA. For example, the rehabilitation and reconstruction of damaged infrastructure will provide opportunities to introduce labor-intensive construction technologies. This links with Component 2 priorities for jump-starting local employment, particularly in the case of subdistrict and community infrastructure. It is recommended that the government seize such opportunities to introduce social protection and cash-for-work schemes that can target the more vulnerable segments of the affected populations, particularly IDPs. Similarly, the equitable, consistent, and harmonious provision of basic services across host and IDP populations will improve social cohesion.

13.5 The interventions recommended by individual sectors are aligned with the GoU's broad vision for recovery. While the measures proposed for each sector are designed as short-term measures to stabilize living conditions in the affected areas, they contribute to the government's 2015–2017 reform agenda. Stabilizing living conditions in affected areas may mean reconstructing and rehabilitating infrastructure and service delivery to at least precrisis conditions, but preferably to improved standards. The principle of Building Back Better and Smarter (BBBS) has been applied differentially and selectively in calculating recovery costs across and within subsectors. This is to ensure cost-optimized reconstruction and recovery programs that are sensitive to the needs of vulnerable populations and those displaced by the conflict. BBBS recommendations in this component mostly focus on recovery that improves upon precrisis conditions.

Overview of Priority Interventions and Financial Requirements

13.6 Total recovery needs for the IS component are estimated at around US$1.258 billion. Needs are greatest in the transport, health, and energy sectors, at US$558 million, US$184 million, and US$79 million respectively. Needs estimates build upon the damages reported to infrastructure to additionally (i) reconstruct impacted infrastructure to improved standards; (ii) restore service delivery to individuals residing in Donetsk and Luhansk, and replace facilities; and (iii) provide social services to IDPs. These also include other capacity and human development resources required to reconstruct needed infrastructure and restore social services (see Table 3).

Table 3. Infrastructure and social services — Recommended interventions and associated costs		
Subcomponent objective	**Recommended interventions**	**Cost (US$ million)**
1. Education Objectives: Reconstruct damaged education facilities; restore education services in conflict-affected and IDP-receiving areas; strengthen capacities of education authorities; and improve protection of children and youth from security-related risks.	• Reconstruct and rehabilitate education facilities in government-controlled areas of Luhansk and Donetsk (on BBBS principles) • Restore service delivery in conflict-affected and IDP-receiving areas • Strengthen education authorities' capacity to address recovery priorities • Conduct crisis risk mitigation (public awareness campaigns and safety impact assessments for schools)	9.71
2. Energy Objectives: Rehabilitate critical energy infrastructures and restore services.	• Repair and rehabilitate electrical power distribution and transmission networks and generation facilities • Repair and rehabilitate selected coal-mining facilities • Repair damaged heating networks and boiler houses in Donetsk and Luhansk; expand heating services in IDP-receiving areas • Repair oil and gas pipelines	78.9
3. Environment Objectives: Undertake critical environmental assessments and monitoring efforts; address immediate environmental impacts; and strengthen national capacities on environmental protection.	• Conduct post-conflict environmental assessment focusing on contaminated sites • Conduct strategic environmental assessment of the Donbas Recovery Programme • Reestablish an environmental monitoring program • Reforest and rehabilitate protected areas • Remove and dispose of debris • Strengthen environmental emergency preparedness and response capacity • Reinforce national capacity to combat illegal natural resource exploitation and environmental crime	30
4. Health Objectives: Strengthen the health care system to address urgent health needs of IDPs and host communities; reconstruct damaged health-care infrastructure; and reestablish tertiary-care facilities in government-controlled areas.	• Strengthen the health system to be able to address IDPs' urgent health needs and to support host communities • Guarantee access to pharmaceuticals for affected communities, including IDPs and host populations, through cost reimbursement or other methods • Reconstruct damaged healthcare infrastructure and provide access to tertiary-level care (facilities and equipment) • Modify and develop new models of service delivery • Offer social–medical support and health responses to gender-based violence (conflict-specific support envisioned in Component 3)	184.2

5. Housing Objectives: Reconstruct damaged and destroyed housing and repair public buildings.	• Rebuild damaged and destroyed multiapartment and single-family housing • Reconstruct and repair priority municipal and general public buildings	27.2
6. Social Welfare Objectives: Extend critical benefits and services to IDPs and rehabilitate physical infrastructure for delivery and distribution of social welfare benefits.	• Reconstruct and rehabilitate social protection infrastructure, including pension fund offices, employment offices, and social welfare offices • Provide aid to IDPs (six month living allowance) • Provide unemployment benefits to IDPs • Initiate active labor market measures, including public works, training, and retraining (to complement measures foreseen in Component 2) • Hire additional social workers to address increased processing loads for social welfare benefits • Provide residential-care needs for vulnerable groups, including the elderly, orphans, and displaced people	329.4
7. Transportation Objectives: Rehabilitate and reconstruct critical transportation infrastructure and associated maintenance.	• Rehabilitate the state road and bridges network, on BBBS principles • Rehabilitate municipal infrastructure (roads and bridges), on BBBS principles • Rehabilitate rail and air transport infrastructure • Provide for maintenance of state and municipal transport networks	558.2
8. Water and Sanitation Objectives: Rehabilitate critical infrastructure and expand water supply sources and distribution systems.	• Rehabilitate and rebuild essential water supply and sewage infrastructure • Increase the capacity of water supply and sewage distribution systems • Recruit additional personnel and hardware needed for appropriate water and sanitation services • Conduct scientific research and design development to diversify water supply sources and modernize sewage treatment plants	40.1

14.0 Strategic Component 2: Promote Economic Recovery

14.1 The economic recovery component of the RPA assesses the economic impact of the crisis on affected regions of eastern Ukraine; identifies strategic priorities for promoting early recovery and improving human welfare; quantifies associated costs of early recovery needs; and outlines a number of short- (24-month) and medium-term interventions for the government to consider. It does so in the context of a difficult macroeconomic environment. The component covers needs and proposed interventions in the areas of (i) employment; (ii) productive capacities and livelihoods; (iii) local economic planning; (iv) SMEs and the private sector; and (v) financial services.

Impact of the 2014–2015 Crisis

14.2 Ukraine's unprecedented economic challenges in 2014 came on the heels of two years of economic stagnation, with GDP growth averaging 0 percent in 2012–2013. For years preceding

the current crisis, Ukraine's economy was underperforming. Characterized by systemic weakness and inefficiencies, the economy did not recover from the 2008 global economic crisis.[26] Weak macroeconomic policies and delayed structural reforms widened internal and external imbalances. The government embarked on much-needed macroeconomic adjustment in early 2014 and began steps to ease structural constraints to growth, but its efforts were stymied by conflict in the East, the industrial heart of Ukraine.

14.3 Donetsk and Luhansk are economically important to Ukraine, accounting for 15.7 percent of Ukraine's GDP in the pre-conflict period and 12.5 percent of the population. Coal mining, steel, petrochemicals, and the fertilizer industry are the main sectors in these two oblasts. Around one-fourth of Ukraine's industrial activity and an equal share of its exports came from these oblasts in 2013. Of the regional exports, metals exports were high at around 60 percent. In the first 11 months of 2014, exports from Donetsk oblast dropped by almost 30 percent and by 43 percent from Luhansk oblast, compared to the same period of previous year.[27] Given the geographical location of Donetsk and Luhansk at the eastern border, they have close economic relations with Russia. During January–September 2014, metal exports to Russia declined by 28 percent y/y, with the share to Russia declining to 10 percent of total metal exports from 14 percent in 2013. As a consequence of direct and indirect impacts, SMEs lowered their economic activities by 80–90 percent, leading to a similar percentage of jobs lost.

Rationale and Recovery Objective

14.4 The economic recovery component of the RPA estimates the impact of the crisis on the economy of affected regions, identifies priorities for effective and sustainable economic recovery, and quantifies their costs. The geographic focus is on those areas of Luhansk and Donetsk oblasts, which are currently under the Ukrainian government's control. Given wider impacts, recovery needs in adjacent oblasts of Kharkiv, Zaporizhzhia, and Dnipropetrovsk are also considered. The main target groups for employment considerations are the IDPs displaced in Dnipropetrovsk, Donetsk, Luhansk, Kharkiv, and Zaporizhzhia oblasts, and the pre-conflict existing population in all five oblasts concerned who experience similar needs and problems.

14.5 However, it must be underscored that recovery prospects in the East are closely linked to, and in turn affect, Ukraine's broader economic challenges. Recovery efforts in the East need to be viewed through the prism of the country's unprecedented economic crisis, and additional security problems in these regions further undermine investor and consumer confidence. More specifically, it is imperative to restore macroeconomic and banking sector stability; address wider structural challenges by making the overall environment friendlier to investors; curb widespread corruption so public services can be delivered to citizens efficiently and cost-effectively; and deal with problems in the gas sector. These steps are preconditions for recovery in the East. Of course, this is challenging given that problems in the East and overall economic problems are closely linked—with links running in both directions. However, without macroeconomic stabilization and structural reforms, it will be difficult to talk about recovery in the East in isolation. In other words, if the rest of the country does not grow and create jobs, it will be difficult to employ people displaced in the East and have the fiscal space to provide social assistance in a sustainable manner.

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26 International Finance Corporation. 2014. "Ukraine: Opportunities and Challenges for Private Sector Development." Report, World Bank, Washington, DC. https://openknowledge.worldbank.org/handle/10986/16711.

27 State Statistics Service of Ukraine. n.d. http://ukrstat.org/en/operativ/operativ2014/zd/oet/oet_u/oet1114_u.htm.

Overview of Priority Interventions and Financial Requirements

14.6 The cost of the proposed economic recovery interventions are estimated at US$135.5 million. The recommendations are outlined in a sequential manner that prioritizes critical and practical interventions. Considering the changing situation in the East, as well as various time frames required for allocating funds, not all suggested measures foreseen for Phase 1 can be started immediately, and a more flexible approach is needed. Nevertheless, it is useful to formulate a list of priority projects so they are "ready for launch" when conditions permit. Depending on the situation in conflict areas as well as lessons learned from Phase 1 interventions, topics and objectives for medium- and long-term projects will be evaluated. In addition to new targets, the most effective projects from Phase 1 would be extended and expanded during Phase 2 (see Table 4).

Table 4. Economic recovery—Recommended interventions and associated costs

Subcomponent objective	Recommended interventions	Cost (US$ million)
1. Support for employment creation Objective: Support employment creation for IDPs, host communities, and other conflict-affected populations through a holistic approach that combines improved labor market access, training, short-term job opportunities, and strengthen the institutional capacity of state employment services.	• Reduce legal and informational barriers to support job seekers • Support better matching of workers to new labor markets to increase (re)employment options • Increase income-earning opportunities through public and temporary works and facilitate access to microcredit and grants • Offer human capital investment opportunities to increase employability • Offer integration and psychological counseling and mobility options (the latter to be coordinated with similar interventions in Component 3) • Increase the capacity of the state employment service to manage the Crisis Response Works Programme (CRWP) and new responsibilities	40
2. Productive capacities and livelihoods Objective: Support the development of productive capacities and help target groups meet their immediate needs via livelihoods programs that expand opportunities to engage in productive economic activities.	• Implement livelihood programs aimed at fostering income-generating activities, including agricultural and off-farm businesses in the rural areas, and community-based collective economic ventures • Improve rural extension services, including advisory, training, and information services to support the development of income-generating activities, and establish and support the growth of agricultural and off-farm businesses	33
3. Local economic planning Objective: Help mobilize local resources for recovery in a productive and inclusive manner by designing and implementing local governance initiatives that can provide solutions to	• Conduct capacity-building needs assessment and delivery of corresponding training courses for local government, NGOs, and other stakeholders in practical application of modern economic planning methods and tools • Establish "working groups" on local economic planning to lead inclusive multistakeholder planning processes	7.5

communities' immediate needs using existing in situ resources and improved local development–planning processes.	• Establish a small grant facility to help begin to address the priorities as they are agreed by the community, and, very importantly, to validate the process and support the work of the local planning team (link with Component 3 community development activities)	
4. SMEs and private sector Objective: Create a business-enabling environment to ensure income generation, job creation, creation of new businesses, and the growth of existing businesses.	• Draft and implement a highly targeted and flexible recovery strategy and elaborate the corresponding action plan to support existing enterprises in the regions concerned • Facilitate further development of business support infrastructure to provide advisory and training services for business start-ups and growth with special focus on export promotion, energy efficiency, innovations, and women in business	30
5. Financial services Objective: Contribute to ensuring the access to basic financial services by introducing SME loans programs and other remedial actions to stabilize financial services provision in general and support SME development.	• Attract private capital with a post-conflict "National Saving Bonds for Development." The purpose is to attract "under the mattress" savings from Ukrainian individuals and businesses to provide reconstruction and development funds through safe deposit of savings • Encourage banking institution to develop SME credit loans programs and targeted long-term/low-interest loan programs to respond to social needs (education, individual construction, business start-ups, consumer loans, and so on)	25

15.0 Strategic Component 3: Strengthen Social Resilience, Peacebuilding, and Community Security

15.1 The social resilience, peacebuilding, and community security component of the RPA is estimated to cost US$126.8 million. It considers issues related to restoring the social fabric, which is critical for recovery processes. This includes supporting the early recovery of conflict-affected populations, including the displaced, host and other resident communities, volunteers and ex-combatants, and victims of conflict by providing livelihoods support, protection, and promoting reconciliation, peacebuilding, and access to justice. Some of the recommendations should be applied at a national level to ensure that local interventions are both effective and sustainable, as well as to address the national impact of conflict.

Impact of the 2014–2015 Crisis

15.2 The ongoing conflict in eastern Ukraine has had a direct and highly negative impact on social cohesion, resilience, livelihoods, community security, and the rule of law. Displacement, fear, and diminishing levels of trust are acute social problems, and conflict-related distress is widespread. While social fragmentation, prejudices, regional divides, and low levels of trust in local authorities and institutions existed prior to the crisis, these have been exacerbated as a result of

it, particularly in the Donbas.[28] In many ways, the conflict and resulting displacement from Donetsk and Luhansk oblasts has magnified Ukraine's pre-conflict fragility. As the numbers and the duration of stay for the displaced increase, pressure mounts on local resources, service delivery, livelihoods, and governance.

15.3 Exposure to conflict-related violence among combatants, as well as residents in conflict-affected areas and displaced populations, has resulted in widespread trauma that existing medical and mental health services are unable to address. Signs of increasing tensions between IDPs and host communities are becoming more evident. Moreover, under conflict conditions, law enforcement agencies, security services, and justice institutions are ill equipped to ensure respect of rights and rule of law, mitigate disputes and tensions, and address crime and violence. Current hostilities, related community-level violence, and misinformation contribute to polarization and deepen divisions. Recovery challenges become more pronounced as this fragility and divisiveness become more intense.

15.4 Impacts are especially acute in areas with a high percentage of IDPs compared to the host communities, such as Konstnatinyvskyi and Marinskyi raions of Donetsk oblast, Borivskyi raion of Kharkivska oblast, and Berdianskyi and Zaporizhkyi raions of Zaporizhzhia oblast. These areas, as well as those likely to experience significant returns of ex-combatants and/or displaced persons in a post-conflict period, should serve as priority areas to be targeted for peacebuilding and recovery support. Needs in indirectly affected areas hosting significant IDP communities, including those geographically distant from the front line of the conflict, should also be addressed, as they pertain to IDPs and poor and vulnerable host community members alike.

Rationale and Recovery Objective

15.5 Under this strategic component, the focus is on strengthening the resilience of all conflict-affected communities, especially displaced populations and their host communities; better protecting conflict-affected populations; promoting reconciliation and social cohesion; and strengthening community safety and access to justice where conditions allow.

15.6 These are fundamental to sustainable recovery and peacebuilding—they lay the foundation for effectively implementing other aspects of recovery, such as rehabilitating infrastructure, restoring social services, and revitalizing economic activity. Of particular importance is the notion of trust building and reconciliation; bringing various groups together to overcome differences and grievances through dialogue. This is a difficult and sensitive process, but the first steps need to be taken immediately. Without reconciliation—between different members of the community, between different communities, and between citizens and authorities—lasting peace and recovery are unlikely to be achieved.

15.7 As social cohesion continues to erode and deteriorating socioeconomic conditions cause further tensions, it is crucial that conflict mitigation and reconciliation activities commence as soon as possible, irrespective of the cessation or continuation of armed conflict. While more explicit peacebuilding activities such as large-scale reintegration processes must wait until the end of overt conflict, there is no time to waste in preventing further erosion of social cohesion. Ef-

28 An opinion poll conducted by the NGO Democratic Initiatives Foundation in December 2014 (within the framework of USAID's UCBI project) found that 47 percent of respondents in Slovyansk and 52 percent of respondents in Kramatorsk had a negative opinion of both local and national authorities.

fective responses must situate social cohesion and reconciliation interventions within practical and tangible local recovery efforts, including both restoration of services and community infrastructure (as detailed in Component 1) and economic recovery, including livelihoods and income generation (as detailed in Component 2).

Overview of Priority Interventions and Financial Requirements

15.8 This report recommends a number of priority interventions should begin in the next 24 months, as detailed in Table 5. Recommendations also reflect international experience, which demonstrates that without addressing and resolving grievances and root causes of conflict through a process that involves all affected groups, there cannot be any meaningful or lasting peace or recovery. Moreover, this cannot happen without a national policy framework that underpins regional and local interventions.

15.9 Recommendations are presented as distinct sets of issues but are closely interrelated in terms of both priority needs and timelines. Flexibility in implementation is important, both in response to changing circumstances and to the scale of the challenge. While deeper analysis is needed to develop a disaggregated and targeted program, this should not diminish the urgency of the response: Such analysis should be the first step of implementation.

Table 5. Social resilience, peacebuilding, and community security — Recommended interventions and associated costs

Subcomponent objective	Recommended interventions	Cost (US$ million)
1. Better understand vulnerability, risk, and social cohesion Objectives: Establish a baseline to better understand vulnerability, risk, and social cohesion. Social cohesion and resilience are notoriously challenging to measure, and a significant investment needs to be made in tools (polling, focus groups) that can track a number of indicators that are essential for measuring whether communities and societies are getting more or less cohesive. This type of data tracking and analysis will inform and support the prioritization of investments across the recovery spectrum (including reconstruction and service delivery and livelihoods).	• Conduct a vulnerability and social cohesion assessment/index to monitor and track levels of social cohesion and conflict resurgence risks • Conduct a perception survey/risk assessment to monitor the dynamics of social and economic vulnerability and political fragility • Enhance the analytical capacities of local CBOs and think tanks to monitor the situation and provide recommendations for decision making both on national and regional levels • Introduce gender-disaggregated data collection and analysis in government systems	2.55
2. Promote social cohesion and build back trust Objectives: Promote the building and rebuilding of relationships and trust	• Develop national conflict–sensitive information and communication campaigns in collaboration with local and regional authorities and civil society actors	19.68

in communities directly impacted by the conflict (IDPs, hosts and resident populations, communities with high levels of ex-combatants) and indirectly impacted by the conflict (areas where supply-chain disruption or government service provision deficits are felt). Significant social tensions are likely to exist among resident populations that have been exposed to the polarizing effects of violence, civil unrest, and polarizing media content. Both intra- and intercommunity reconciliation will need to be supported, including by national-level interventions.	• Launch economic development projects in affected communities to provide new livelihood options for the displaced, hosts, and residents of conflict-affected areas • Enact measures to promote tolerance through community-led projects and events to benefit conflict-affected communities in eastern Ukraine • Support community- and national-level dialogues on peace and develop a vision for a better Ukraine • Promote trust between state and conflict-affected communities by enhancing participatory, inclusive, and accountable governance processes	
3. Promote a culture of tolerance through dialogue and civic participation Objectives: Engage in inclusive dialogue that will support greater recognition of diversity and tolerance within Ukrainian society and help reduce intercommunal tensions in Donbas and throughout Ukraine. Encouraging and supporting politically neutral public discourse on issues of common interest, including citizenship, the economy, and even a vision for the future, will also help address the growing trust deficit between the citizens and public institutions, in particular in conflict-affected areas.	• Design and support a program of national dialogues on common concerns to build bridges between all parts of the country and reduce national divides • Support universities and CSOs to promote structured dialogues between intellectuals, youth, women's groups, and professional associations that encourage tolerance • Support youth and women's groups to have exchanges within Ukraine and beyond to break down unhealthy stereotyping • Train media on conflict sensitivity aimed at improving standards among key groups of journalists from affected regions • Promote youth and women's civic engagement through programming that promotes their roles as peacebuilders	11.44
4. Ensure social protection for conflict-affected populations Objectives: Enhance the government's capacity to deliver social protection benefits to conflict-affected communities and to ensure consistent supply of benefits to vulnerable community members in conflict-affected areas.[a] Beyond addressing the immediate basic needs of IDPs, these interventions will also be essential for preventing additional tensions over access to available services and reliance on limited community resources.	• Improve information and communication on social payments to conflict-affected communities, first and foremost to IDPs and their host communities, which should include: - Establishing a web portal on recovery-oriented information and assistance programs - Establishing telephone hotlines at the central level and in the most-affected regions - Producing and locally distributing bulletins and manuals on IDP registration procedures and social payments mechanisms - Establishing administrative "one-stop shops" to provide support and referrals for conflict-affected populations	5.76

	• Improve procedures for delivering basic social services and benefits to conflict-affected populations and to IDPs, specifically with regard to: - Housing costs - Unemployment benefits, particularly in areas hosting a large number of IDPs (Donetsk, Luhansk, Kharkiv, Zaporizhzhia, and Dnipropetrovsk oblasts) - Pensions, to address the large movement of pensioners from Donetsk and Luhansk oblasts to Kharkiv, Zaporizhzhia, and Dnipropetrovsk oblasts	
5. Promote access to justice Objectives: Expand and strengthen citizens' access to justice by increasing the capacity, legitimacy, and accountability of law enforcement and justice institutions. Expected outcomes comprise improved citizen security and access to justice, and strengthened capacity, legitimacy, and accountability of law enforcement and justice institutions to respond to conflict-related grievances.	• Develop safe and effective mechanisms for citizens to formally report conflict-related crime/violence, including sexual and gender-based violence (SGBV), and to receive legal aid for such reporting • Establish a clear and transparent system for investigating allegations of violence and human rights violations of civilians by armed forces and groups • Support the prevention and monitoring of domestic violence and SGBV in conflict-affected areas and nationwide • Continue to monitor all detention centers in the conflict-affected regions under government control using the National Preventive Mechanism • Expand the availability of free primary legal assistance, both through the Ministry of Justice and through citizen support bureaus, and "one-stop shops" in local administrations • Expand the network of representatives of the Ombudsperson's Office (OO) and build their capacity to help redress citizen grievances • Support partnerships between the representatives of the Ombudsperson and civil society and community organizations	8.10
6. Provide legal assistance Objectives: Ensure that conflict-affected populations have access to legal support and administrative assistance. The range of priority needs for legal advice and support among IDPs includes restoring legal documents, having access to social services and employment, establishing and enforcing property rights, supporting ongoing legal proceedings and financial	• Launch a legal aid program for victims of conflict-related crime • Raise awareness to encourage victims to report crimes and seek redress • Support to resolve title, property, and access disputes when formal judicial procedures are involved • Mobilize additional legal expertise at the local level and train legal and judicial specialists on specific conflict-related legal issues	6.60

obligations (such as loans and mortgages in their home areas), compensation (such as registering claims for property loss or damage), and other civil and administrative matters. The Ministry of Justice is responsible for the system of free secondary legal assistance when required.	• Strengthen the capacity and accessibility of Ombudsperson representatives to help citizens obtain redress for unjust decisions or unresolved problems	
7. Provide psychosocial support for conflict-affected populations Objectives: Meet the psychosocial and mental health needs of conflict-affected groups such as combatants and civilian conflict victims, children, survivors of SGBV, IDPs, returnees, and service providers and emergency services personnel.	• Psychosocial support: - Develop community-based psychosocial support and referral networks - Reinforce psychosocial support programs for emergency services personnel, the armed forces, security personnel, volunteers, and their families - Mobilize communities to develop self-help, social support, and safe school environments - Prevent trauma to children in stressed family environments • Mental health: - Provide additional training for existing local mental health and medical specialists - Offer trauma/PTSD diagnoses and treatment for IDPs/returnees and combatant families - Offer mental health support to SGBV victims - Provide rehabilitation services for ex-combatants - Offer comorbidity (trauma and substance abuse) treatment - Improve support services for mental health para/professionals to reduce and prevent burnout • System strengthening: - Strengthen psychosocial support services at the local level - Foster coordination between the mental health systems and other sectors to ensure capacity building of the related institutions - Build a more adapted human resource system by making changes to mental health educational curricula, and ensuring coordination of efforts between all relevant state authorities - Develop targeted programming for vulnerable and most-at-risk populations	28.40

	- Encourage women's NGOs to establish referral and support systems for victims of SGBV and other conflict-related crimes	
8. Restore community security Objectives: Address risks to community security, including physical hazards such as static landmines, UXOs, and the proliferation of illegal weapons—and to address high levels of distrust resulting from physical insecurity. Many community security interventions, such as demining in Donbas, are a necessary precursor to activities recommended in Components 1 and 2 concerning the reconstruction of infrastructure, the restoration of services, and economic revival. To support the restoration of local safety and security, there is a need for inclusive security interventions with strong governmental and community buy-in.	• Develop community-embedded early warning mechanisms,[b] which can also be used to analyze social cohesion trends • Establish local advisory panels on community security to strengthen the relationship between local authorities and their communities • Remove static mines and UXOs; this should include capacity building for local experts and could be pursued in conjunction with area-based development work	23.88
9. Prepare for the disarmament, demobilization and reintegration (DDR) of returning ex-combatants Objectives: The objective of this component is twofold: (i) to support the government to develop a national DDR framework and plan and (ii) to support the reintegration of combatants in light of the government announcement that the first cohort may be demobilized as early as April 2015.	• Provide technical support to government counterparts for the development of a national DDR strategy • Undertake socioeconomic opportunity mapping to identify job opportunities and alternative livelihood opportunities • Identify community-based, socioeconomic reintegration support; identify priority support options for ex-combatants to support their peaceful return to their communities • Develop programs and needs assessments for psychosocial support for ex-combatants • Support socioeconomic reintegration of combatants in the immediate future	20.42

a The needs and estimated costs for the repair of damages to the physical infrastructure associated with the delivery and distribution of social welfare benefits are included under Component 1. Public transfers (pensions, stipends, and social assistance) account for 33 percent of monetary household incomes in the Donbas oblasts precrisis (Gazizullin, Ildar. 2014. "Rapid Economic Assessment: Donetsk and Luhansk Oblasts." Report, UNDP).
b For examples, see; Elva. 2012. www.elva.org; and WANEP Nigeria. n.d. "Conflict Prevention." www.wanepnigeria.org/index.php?option=com_content&view=article&id=22&Itemid=36.

Chapter V

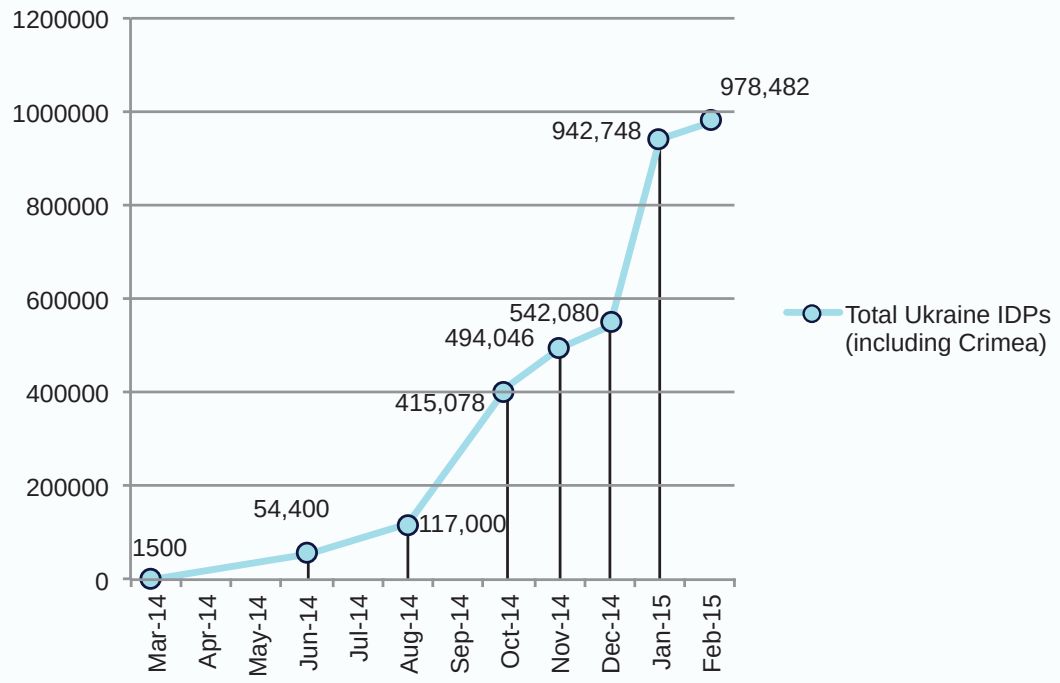
TRANSVERSAL ISSUES AND PRIORITIES

16.0 Population Displacement

16.1 The humanitarian exigencies of over 1 million IDPs are compelling, and are initially being addressed through the UN humanitarian appeal. Displacement flows contribute to underdevelopment and may, if left unaddressed, drive further conflict. Forced displacement may weaken social and state capacities, further eroding confidence in government and increasing the burden on state finance and institutions. Displacement may also exacerbate threats to citizen security and create underemployment and price distortions. Despite the fact that internally displaced populations bring capital and skills that can be put to use in the recovery and benefit the resilience of affected communities, few means exist to tap into these resources.

16.2 A number of factors dramatically increased the number of registered IDPs in December 2014, starting a trend that continued through February 2015, as illustrated in Figure 2. First, the arrival of winter and weakened economic resilience among residents in conflict areas increased outflows as conditions deteriorated. Second, Government Decree 875/2014, issued in mid-November, closed all government offices in nongovernment-controlled areas, halting funding of pen-

Figure 2. Total number of IDPs in Ukraine as of February 2, 2015, including Crimea



Sources: SES until December 2014, then UNOCHA/MSP figures for January 2015 onward.

sions, social benefits, and other services, while also withdrawing support to schools and hospitals. Ukraine's central bank offices also closed, limiting access to cash and banking services. Pension and social payments are now only available to persons with registered residences in government-controlled areas. The withdrawal of financial services and resources deepened vulnerability and prompted outflows of some of the Donbas region's most desperate residents. There are indications, for example, of extraordinary numbers of pensioners leaving nongovernment-controlled areas in December and January and registering as IDPs in government-controlled areas.[29]

16.3 A third factor contributing to an increase in IDP registrations is the late December 2014 transition from a Ukraine State Emergency Service (SES) paper–based methodology for IDP registrations to a Ukraine Ministry of Social Policy (MSP)–managed electronic system, which more rapidly tracks and aggregates the numbers. The MSP, now the official source of displacement statistics in Ukraine, uses a formal registration procedure, local welfare offices, regional offices that aggregate formal submissions and check the data at the regional level, and a central registry office that aggregates IDP registration data at national level. This comprehensive approach is likely contributing to additional IDP registrations.[30]

16.4 A fourth factor contributing to the large increase in registered IDPs is an intensification of fighting since early January. Fierce fighting and heavy, indiscriminate shelling in densely populated areas continues in different locations along the front line in the East, prompting additional outflows of persons from conflict-affected areas.[31] Leaving separatist-controlled areas is becoming increasingly perilous due to the presence of unexploded ordnance (UXO) and mines, the destruction of critical transport infrastructure such as bridges and main roads, and increasingly restricted freedom of movement in and out of the conflict area.

Characteristics of IDP Movements in Ukraine

16.5 The demographic profile of IDPs in eastern Ukraine suggests several distinct patterns that are similar to forced displacement crises in other countries. As in many displacement crises where women and children leave home areas at the first signs of violence or duress in their communities, women and children represent a sizeable proportion of the IDP population. For the eastern five oblasts, the numbers of able-bodied, working-age women (who often leave with their children) averaged 34 percent of IDPs in September and October 2014. This proportion has since fallen, as the number of disabled and elderly among new IDPs has increased significantly—from 17 percent in December 2014 to 70 percent in January 2015. The relatively small number of disabled and elderly residents leaving in early waves of displacement is common to forced displacement crises, due to mobility challenges, fear of the unknown, misinformation or hearsay, or the insistence by long-time residents (who are also typically past fighting age) to stay in their home areas near what they know. The current increase in displacement among older and disabled resi-

29 It remains unclear how many people registering with the MSP are IDPs and how many are registering solely for the purpose of transferring their pensions, and may move back to their homes once their pensions and social benefits have been collected (UNHCR. 2014b. "Ukraine Situation." UNHCR Operational Update, UNHCR, Geneva. http://unhcr.org.ua/attachments/article/1299/UNHCR%20External%20Update%20Ukraine%20Situation_7%2031%2012%202014.pdf). This lack of clarity affects planning of aid provision.

30 Humanitarian actors in the field suggest that the MSP numbers still understate the true scope of the forced displacement crisis, due both to the dynamism in population movements and the enduring reluctance of many IDPs to register (See, for example: UNOCHA. 2015b. "Ukraine." Situation Report No. 25, UNOCHA, Kiev; where it is suggested that the MSP system is "unable to capture the movement of people in real time. Local authorities and partners agree that the discrepancy between the real and registered numbers of IDPs is a major issue hampering delivery of assistance").

31 UNOCHA, 2015b.

dents is due to circumstances that include worsening service delivery deficits, weather-related hardships, an escalation in fighting, and an inability to access official financial support. In general, since September 2014, the percentage of able-bodied men among registered IDPs in the East has remained constant, averaging 15–17 percent of the total number of IDPs in the East.[32]

16.6 Over 96 percent of IDPs originate from the oblasts of Luhansk and Donetsk. Of these, 75 percent have sought refuge in host communities within the five eastern oblasts. More telling is that 49 percent of IDPs have stayed within Luhansk and Donetsk, swelling the population of conflict-affected host communities nearest to the fighting.[33]

16.7 This is a typical movement pattern for IDPs, reflecting a desire to achieve greater physical safety while remaining within a reasonable distance of homes, relatives, property, and former livelihoods. In Ukraine this pattern is likely reinforced by IDPs' fear of poor treatment if they move to areas further west, as well as by the movement of pensioners and other social service support payment recipients to adjacent government-controlled areas in order to register for continuation of their assistance. The result, however, is a concentration of the displaced into host areas that are poorly prepared to receive them. Conditions for both the displaced and hosts deteriorate as these inflows continue.

16.8 In many areas, local officials and civic organizations have established collective centers for the displaced. Many, however, are overwhelmed by the demand for shelter. Several summer camps and institutions that were abandoned as cold weather approached are now being filled out of necessity, providing suboptimal accommodation for increasing numbers of IDPs. Conditions in many centers are not good. A local CSO told visiting Organization for Security and Co-operation in Europe (OSCE) monitors that there was a dramatic increase in alcohol abuse by women at the center, reportedly due to the pressures of divorce, child care, and unemployment.[34]

16.9 Outside of the new centers and camps being established for the surging numbers of IDPs near the line of contact, IDPs have moved into host areas where they fill available housing stock or find lodging with relatives, often crowding multiple families into accommodations meant for fewer people. Living conditions in some apartment blocks and neighborhoods have deteriorated for both residents and the displaced as IDPs crowd in. The government is identifying a significant stock of almost-completed new housing throughout the country that can be finished in order to meet some of the need. Other empty buildings are also being inventoried by local authorities. Greater demand for rental accommodation has led to increases in brokerage fees and rents. The presence of IDPs has also placed downward pressure on wages and upward pressure on food prices. While large-scale price increases are strongly linked to fiscal challenges, the conflict, and monetary policy at the central level, local residents often attribute these economic distortions to the presence of the displaced and eastern separatists.[35]

16.10 Health facilities and classrooms are overpopulated in many areas, and community services

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32 These numbers may be low due to the reasons mentioned or, as in other forced displacement crises, Ukrainian men are reluctant to register and instead attempt to remain unnoticed primarily for safety reasons and to avoid conscription.

33 Analysis derived from SES and MSP data.

34 OSCE. 2015. "Special Monitoring Mission Report." Report, OSCE, Kiev. Outside of these problems, there are additional challenges associated with not paying workers at these centers and the lack of funds for communal and food items. UNOCHA reports that some IDPs are compelled to return to unsafe environments. UNOCHA. 2015a. "Ukraine." Situation Report No. 23, UNOCHA, Kiev.

35 See: GIEWS/FAO (Global Information and Early Warning System on Food and Agriculture). 2014. "Ukraine." GIEWS Country Brief. http://reliefweb.int/sites/reliefweb.int/files/resources/GIEWS%20Ukraine%2017-December-2014.pdf; and ACAPS, 2015.

such as elderly care, child care, recreation services, and sanitation services have been affected as resource-poor authorities redirect their budgets to the needs of IDPs. This fuels mutual suspicion and social fragmentation in host areas, particularly as fighting intensifies and greater numbers of Ukrainian soldiers are wounded or killed. Interactions in host areas are increasingly becoming bitter and confrontational, particularly toward men from the East who may be suspected of anti-government sympathies.

16.11 The majority of the displaced in Ukraine have moved at least twice in the course of their displacement, and one-third have moved three or more times. Repeat movements are typically driven by a search for secure, adequate, and reasonably priced accommodation, but should be understood as disruptive episodes in the lives of the displaced as they search for improved circumstances. Movements are frequently driven by the hard choices IDPs face as personal resources are depleted; as they search for the best access to services and assistance in other areas; as landlords are increasingly disinclined to rent to IDPs; and as host families and family members lose the ability (or tolerance) to support IDPs.[36] Repeated dislocations due to renewed physical safety concerns are also common as many of the displaced who seek to remain near home areas have had to flee again due to heavy nearby fighting. Of the estimated 130,000 IDPs who were housed in nonwinterized accommodations over the early months of winter, nearly all were moved or moved themselves to areas where winter-ready shelters were available—though sometimes in more remote locations. This has also led to the return of some IDPs to less-than-desirable situations near or in home areas, due to their dissatisfaction with accommodation options in the West and as news in the East suggested that returning to home areas is the best available option.[37]

16.12 With each displacement and even with returns, people must register with new government offices and local CSOs. They must also undertake a difficult search for adequate accommodation (if homes were destroyed or property was lost), enroll children in school, and navigate difficult social relationships. Social networks commonly weaken with each move, and delays in finding adequate assistance or financial support sometimes trigger difficult gaps in household resources. Successive moves often lead to the incremental weakening of a household's resilience.

16.13 Even for returnees, being home does not mean returning to the status quo. "Home" will have changed for returnees since their departure. Case studies of multiple forced displacement crises underline that home regions may have changed socially, developmentally, and politically. In addition to the challenges to return posed by the destruction of homes and infrastructure and the decline in services and governance capacity, the presence of nonstate political entities and political conflict may have permanently altered the social landscape such that return to places of origin becomes impossible for some groups. In cases of protracted displacement, the demographic realities will have changed in home areas, and returnees will experience increased pressure on scarce land resources and often disputed access to the property they left behind. The role of women may have changed as well, either enhancing or restricting their freedom of movement and ability to engage in activities different from those in their predisplacement situation.

16.14 To contain the developmental impacts of displacement and leverage the skills and presence

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36 See: IFES (International Foundation for Electoral Systems). 2014. "Public Opinion in Ukraine: Key Findings," Special Report, IFES, Washington, DC.

37 UNOHCA reports that challenges persist in the process of relocating to winter shelter, with high levels of dissatisfaction reported in small towns' ability to provide adequate employment opportunities and access to state assistance. Also see the IFES 2014 report for expression of return intentions.

of the displaced for more positive outcomes for all, four key challenges must be addressed—delivering services such as security, education, health, and social payments, along with basic infrastructure in equal measure to the displaced and host populations; assisting the displaced regain control of land and property; reestablishing livelihoods and social bonds that are disrupted by forced displacement and conflict; and establishing accountable and responsive governance and rule of law at the local level. These are the barriers to durable solutions for Ukraine's internally displaced—and they are, at the same time, critical development challenges for the country's entire population. The RPA integrates these concerns throughout the three components outlined above. This approach is premised on the continuation of the IDP crisis for the foreseeable future and the associated strains that such population movements place on state finances, service delivery mechanisms, governance, and social cohesion.

17.0 Strengthening Local Governance in Recovery Efforts

17.1 The crisis has had widespread impacts on local governance[38] in affected areas, including on institutional capacities, assets and infrastructure, local budgets and income streams, delivery of municipal services, local social dynamics, relations between national, regional, and local levels of government, and state–society relations and citizen–state trust. Local governance is an intrinsic part of recovery processes and is addressed throughout the RPA. Ensuring support for and strengthening local governance will promote efficient implementation and coordination of activities on the ground, ensure responsiveness to urgent and emerging needs, improve public trust in the state's capacity, and promote a more sustainable, participatory, inclusive, and accountable recovery process.

17.2 The crisis has acutely affected local authorities in the government-controlled areas of Luhansk and Donetsk. For example, half of all local administrative infrastructures in these areas are estimated to have suffered some level of damage,[39] and some infrastructure in areas very close to the front line has been completely destroyed. Apart from infrastructure, the crisis is also reflected in human resources by a decrease in the number of civil servants (in some instances, only 20 percent of the staff positions are filled; in other cases, only one-third of the staff are present in the oblast administration, and city councils and oblast administrations only have 78 percent of the staff they should have).[40] As the demand for many municipal services has drastically increased (especially for pensions, social assistance, and health), local bodies are facing serious shortages of capacity and in many cases, losses in capacity due to staff displacement and dismissal. These are compounded by shortages of space and equipment and by the relocation of state administration offices in the worst affected areas. Many local authorities' financial situation is dire: Their budgets are insufficient to meet unforeseen expenditures related to the crisis (including social services for IDPs), while at the same time their revenues[41] have decreased as inflows from municipal services (such as communal heating and water distribution) and income taxes have plunged. Lack of fi-

38 See UN and World Bank, 2014. A local governance function is one that is statutorily or customarily mandated to one or more stakeholders of local dimension, including local governments, local state administration, local CSOs/CBOs, communities, the private sector, and so on.

39 Excluding administrative buildings in rural settlements (Verkhovna Rada).

40 Ministry of Economy and Trade, November 2014.

41 The revenues of local authorities are composed of their own resources (recently averaging 46 percent of total budget but as low as 3–5 percent in certain villages and rural settlements) and state transfers. The State Fiscal Administration collects taxes through its regional offices at oblast, raion, and hromada levels.

nancial resources can strain the ability to recruit additional staff in local administrations, and the provision of services. Several examples document the decrease in local authorities' own source revenues.

17.3 Lack of citizen–state interaction and public councils' reduced capacity to cope with the situation is one area that needs attention. Apart from capacity gaps, the public councils also lack the financial and policy support to be able to exercise their functions with the regular participation of the private sector and civil society. Currently, citizens—especially IDPs—rarely or never participate in needs assessment, planning, and implementing recovery response. Consequently, trust in government is low. At the same time, the stress on local authorities to deal with the consequences of the conflict on their own, without the necessary national support, has also eroded the state–society relationship.

17.4 Proposed priorities for strengthening local governance in the context of recovery and peacebuilding efforts include:

- Restoring local government infrastructure and assets;
- Helping central government actors provide overall policy guidance and recovery planning support to local authorities;
- Mobilizing financial and human resources and capacity to match increased local service delivery needs;
- Building local authorities' capacity to effectively coordinate and support the different institutional and nongovernmental actors involved in service delivery and recovery interventions;
- Building capacity to sensitize local appointed and elected officials regarding processes, including participatory planning processes that promote participatory, transparent, and inclusive local dialogues and inclusion in decision making;
- Supporting the development of an integrated approach to meeting local recovery needs; enhancing the policy dialogue on implementing decentralization.

17.5 A strategy for strengthening local governance in the context of recovery and peacebuilding efforts is being coordinated at the national level by the Vice Prime Minister's office, with support from the Ministry of Regional Development, Construction, Housing and Communal Services and the Ministry of Finance. Local authorities should develop the recovery strategy in order to increase their ownership over the process and ensure their needs and requirements are appropriately addressed. This approach will enhance the national–subnational relationship and foster trust in the idea that government assistance is provided where needed. It is recommended that the Ministry of Regional Development, Construction, Housing and Communal Services work directly with oblast and raion council administrations and local authorities to endorse the strategies of established recovery committee councils (which are comprised of local council members, civil society, the private sector, and also women, youth, and marginalized groups).

17.6 It is also important to establish one-stop citizens' service centers to ensure the local population's needs are met and to help enhance capacities for service delivery. The establishment of such centers will enable local authorities to assess the increase in demand for public services. These centers could play a critical role in the recovery process, serving as a hub between citizens and local authorities on local needs, and providing the public access to timely and reliable information on matters that affect their lives.

17.7 Capacity development for local authorities, including administrative staff, should be addressed through knowledge-sharing platforms, peer-to-peer support, different online tools, and trainings at the local level.

17.8 Local development planning processes that are based on inclusive dialogue and promote transparency in the selection of reconstruction and recovery priorities will facilitate trust between local authorities and communities. Communities—in particular CSOs, businesses, women, youth, and the elderly from the urban and rural areas—should be encouraged to participate in the planning process for the development of their oblast/raion/municipality. Policy support from the national level that enables local strategic participation in the planning process should be a priority.

17.9 Priority during the initial 6–12 months could be given to: (i) areas that have suffered the most damage and displacement; (ii) areas that have received the highest number of IDPs in relation to their population and local authorities' capacities for response; and (iii) areas undergoing difficult political stabilization processes. Other principles could include attention to the differentiated needs and capacities of urban and rural governance systems; alignment with planned decentralization reforms and recognition of the specific needs of conflict-affected areas within the decentralization process; creating spaces for citizen participation in local decision-making processes, including openings for the participation of IDPs, women, and vulnerable groups.

18.0 Gender

18.1 The crisis has had different impacts on men, women, children, and the elderly. The RPA has adopted a gender mainstreaming approach—meaning that the analysis of the crisis impacts, resultant needs, and related strategic recommendations all take gender into account throughout. Moreover, it recommends that gender sensitivity be similarly integrated within the recovery strategy's implementation, as an integral dimension of successful recovery programming.[42]

18.2 Within the RPA, a gender-sensitive approach implies attention to the specific experiences of both women and men affected by the crisis, and their potentially differing recovery risks, needs, and capacities. For example, the conflict has caused changes in family relations and family patterns. The majority of displaced families are incomplete, with most now headed by women. Women constitute approximately two-thirds of able-bodied adult IDPs. They are the main caretakers of displaced children and elderly relatives and shoulder the responsibility of ensuring their families' social and economic well-being—including managing domestic needs, securing housing, and providing economically. Young women, especially those isolated from families and social networks, are at increased risk of sexual violence and trafficking. Meanwhile, although social reintegration of female IDPs and children is broadly supported, male IDPs can face acute stigma and prejudice in host communities, drastically limiting their livelihood options and social reintegration potential and reducing their likelihood of registering as IDPs. An additional gender dimension relates to men who account for the vast majority of volunteer security and protection forces and the social and economic strains their families experience as a result.

18.3 Differentiated needs include gender sensitivity in supporting access to services (Chapter

42 Significant international experience on gender-sensitive recovery programming, including from the UN Security Council Resolution 1325 on Women, Peace and Security, is available in support of the implementation of the RPA.

IV, Section I) and livelihood opportunities (Chapter IV, Section II), as well as access to justice—including for SGBV, which is aggravated in conflict and post-conflict settings, as well as for forced recruitment of men and boys into armed groups (Chapter IV, Section III). Gender inclusiveness is also highlighted around issues of social resilience and peacebuilding, including psychosocial recovery, gender-sensitive DDR, and training men and women to become peacebuilders. The suggested institutional arrangements similarly highlight the importance of gender-inclusive participation of conflict-affected populations in decision making around recovery activities, gender-disaggregated recovery data collection, and gender-responsive institutional capacity for recovery at national, oblast, and local levels, including gender advisors within institutional structures.

19.0 Human Rights

19.1 The armed conflict in eastern Ukraine has been accompanied by numerous allegations of human rights abuses by all parties, including gross violations such as summary executions, abductions, torture and ill treatment, arbitrary detention, and intimidation and harassment. The deterioration in law and order in conflict-affected communities is also believed to have resulted in some armed groups and security providers who act with impunity and a lack of transparency and accountability, which negatively impacts economic and social rights of the conflict-affected populations (including displaced communities) and citizen–state trust. The context of the armed conflict has weakened respect for fundamental human rights.

19.2 As already noted, systemic institutional weaknesses that predated the current crisis have been further exacerbated by it, and are particularly evident in the sphere of human rights (civil, cultural, economic, political, and social rights). Exacerbation of inequalities, erosion of trust in public institutions (especially notable in the law enforcement and justice systems), and the apparent impunity of armed irregular forces undermine the rule of law and, therefore, citizen security. Long-standing institutional shortcomings—including chronic underfunding of the justice system, asymmetry between prosecution and defense in criminal proceedings, questionable judicial independence, and excessive use of pretrial detention—further compound the problem.

19.3 While these shortcomings are best addressed in the context of a national reform of the security sector, immediate measures must be taken by all actors in the conflict-affected areas to prevent a further deterioration of the overall human rights situation and to strengthen adherence to and respect for human right norms and standards. Targeted human rights training for law enforcement agents, security providers, and combatants should be complemented by a more concerted effort to investigate reports and allegations of human rights violations by any actor. Where appropriate, human rights-related measures have been mainstreamed throughout the RPA's recommendations. As with the overall concept of peacebuilding, however, transformative impact will depend on the central government's promotion of a clear and strategic vision, possibly within the framework of the national reform agenda. This will need to be implemented locally in conjunction with reconciliation, access to justice, and other social cohesion interventions.

Chapter VI

INSTITUTIONAL ARRANGEMENTS

20.0 Institutional Framework

20.1 The extent of eastern Ukraine's recovery and peacebuilding needs will necessitate dedicated institutional capacity for recovery planning, implementation, coordination, and monitoring. This section highlights key considerations for the GoU regarding the establishment of appropriate institutional arrangements to implement RPA recommendations and wider recovery efforts. It highlights the importance of government ownership over the RPA process, balanced with widespread stakeholder engagement.

20.2 The current situation calls for an approach to recovery, reconstruction, and peacebuilding that is flexible and responsive to evolving needs and opportunities. Beyond the analytical and programmatic framework provided by Phase 1 of the RPA, this will necessitate specialized institutional arrangements for prioritizing urgent recovery interventions, flexibly aligning financing and ensuring rapid disbursement, and identifying appropriate implementation capacities to achieve results in the short term. The specific institutional arrangements to be adopted for RPA implementation will need to be developed by government as an immediate next step in order to facilitate RPA implementation planning. The institutional architecture selected should be suitable for managing both:

- Continuous monitoring of the conflict's impact and periodic assessments to ensure that this report's data and analysis are regularly updated. This would include the expansion of the scope of the RPA assessment to include additional areas impacted and/or expected to be accessible. Monitoring and assessment activities would be utilized to regularly update the RPA programmatic and results framework.
- Ongoing identification, prioritization, and implementation of feasible priority recovery interventions. This would include: (i) identifying a first set of priority recovery interventions that can be immediately implemented to mitigate the potentially destabilizing effects of large IDP concentrations and worsening economic and social conditions—notably in the oblasts adjoining Donetsk and Luhansk; and (ii) periodically assessing and identifying additional recovery interventions that would be sequenced to build on humanitarian assistance and accompany improvements in the political and security situation.

20.3 Experiences from other countries that have undertaken complex postcrisis recovery and reconstruction highlight the importance of institutional arrangements that combine strong government leadership to ensure coordination across stakeholders, with representation from the wide range of sectoral line ministries, government agencies, oblast and local authorities, civil society organizations, and beneficiaries who will play a role in the recovery process. Given the cross-cutting nature of recovery needs and response strategies in Ukraine, a similar institutional structure will thus be necessary.

20.4 It is therefore recommended that as an immediate priority, an intragovernmental coordination structure (for example, a Donbas Recovery Coordination Committee) be established under

the aegis of the executive level of government (either office of the president or prime minister). This committee would be cross-sectoral and include representation from key ministries with responsibility for key recovery sectors (such as the Ministry of Regional Development, Construction, Housing and Communal Services, the Ministry of Infrastructure, the Ministry of Social Policy, State Emergency Services, the Ministry of Finance, the Ministry of Economy, and so on), as well as representatives from decentralized levels of government, civil society, and the international community (including donors). This mechanism could be chaired by the Deputy Prime Minister and Minister of Regional Development, Construction, Housing and Communal Services in charge of the overall coordination of recovery in eastern Ukraine.

20.5 This structure should take a lead role in coordinating and planning recovery and peacebuilding activities in an integrated and coherent manner. A first task should be to clarify the comprehensive institutional framework required RPA implementation. The framework should be as simple as possible and draw on existing structures, given the immediate need for priority interventions and focus on identifying, financing, and implementing a first set of priority interventions.

20.6 Early additional activities for the RPA coordination structure could also include:

- Defining key programmatic, operational, and financial parameters for the recovery process—including scope, objectives, policy and reform implications, resource requirements;
- Prioritizing and sequencing recovery needs and associated interventions to ensure equitable and demand–responsive recovery across various sectors and to minimize the potential for duplicated efforts;
- Developing an integrated financing framework that ensures that all financing sources and instruments are aligned with agreed upon recovery priorities and interventions, including the government budget and donor financing, and overseeing resource mobilization for RPA priorities (see Chapter VII);
- Undertaking baseline data collection for recovery and developing monitoring and evaluation arrangements as recommended by the RPA;
- Developing a communication strategy to promote citizen engagement with the recovery process and to promote transparency and accountability.

20.7 Moving forward, a key ongoing task of the coordination structure will be to identify opportunities to promote synergies and links between different sectors and recovery objectives and to ensure effectively integrated and multisector recovery program development. Linkages between public recovery efforts and civil society or private interventions and between national, regional, and local initiatives should also be carefully promoted and facilitated. Given that many of the drivers and impacts of the crisis are shared by communities around the country, it will be important to have a dual focus on activities specifically related to the recovery of conflict-affected areas, alongside countrywide recovery activities to promote peacebuilding, tolerance, and reconciliation, and to support the reintegration of IDPs, armed forces, and volunteer combatants.

20.8 At the level of implementation, hybrid institutional arrangements—which are a mix of dedicated central agencies and existing institutions—may best suit the challenges of ensuring efficient and effective recovery of the conflict-affected areas. As described above, the government entity mandated to lead recovery efforts should assume a central role with respect to policy setting, implementation oversight, and performance management at a core programmatic level. Various sector-, oblast-, and raion-level line agencies and departments will likely carry out actual imple-

mentation. However, making such a hybrid arrangement work will require clarifying from the outset the operational mandates of key recovery actors and mechanisms for policy development, coordination, monitoring and evaluation, and reporting. Special mechanisms for resource allocation, financial management procurement, capacity development and staffing, quality assurance, transparency, communications, and grievance redress will also need to be established.

20.9 Regardless of the specific arrangement selected by government, the intragovernmental coordination structure would benefit from a Technical Secretariat to provide technical-level leadership and to take charge of the day-to-day coordinating and monitoring of RPA implementation. The Technical Secretariat would also play a role in coordinating the financing instruments that support RPA implementation, to identify areas of overlap, fragmentation, or gaps in support, and ensure funds are aligned with priority activities. The Secretariat could include staff from government and possibly, subject to further exploration and each organizations' rules and procedures, the three principal organizations supporting the RPA (the EU, the UN, and the WBG). The technical secretariat would be expected to include a combination of analytical, monitoring, and technical expertise to both support RPA implementation and facilitate the functioning of the coordination structure and RPA financing.

20.10 Capacity building for RPA implementation structures—including technical support and specialist expertise from experts involved in past recovery processes—should be an immediate priority to ensure efficient RPA planning and implementation. Within the Technical Secretariat, specialist units for monitoring and evaluating the RPA—as well as for cross-cutting issues such as gender sensitivity and the inclusion of vulnerable groups, human rights, local governance, and IDPs—could also be anticipated.

20.11 Civil society and the private sector should be involved in recovery planning and decision making, as they are important actors in postdisaster and postcrisis recovery. They have a proven ability to mobilize sizable funding and social capital, and can often be sources of valuable expertise. Civil society organizations often have well-cultivated links to the affected communities that can be valuable in project implementation. Creating space for civil society organizations and the private sector in the institutional arrangements of crisis recovery will help promote an effective and inclusive recovery process, including meeting the staffing needs of recovery, mobilizing existing delivery systems, raising funds, and bringing in expert resources to help guide the recovery process. This may also include creating recovery planning forums for involving subnational government, civil society, technical institutions, academia, private sector, and affected communities.

21.0 Process for Periodic Review and Updating

21.1 The recommendations of the RPA provide considerable flexibility to the government and its partners. Therefore, it will be necessary to integrate a process for reviewing the continued relevance and appropriateness of the strategic approach. Over time, changes in the nature of the crisis—in national contexts, legal or policy frameworks, the activity or capacity of stakeholders and implementing partners, available financing flows, and local needs—may necessitate revising or reorienting the strategy. Similarly, as some interventions prove more timely or effective than others, interventions' focus or prioritization may also be usefully adapted. Therefore, it is strongly recommended that an RPA progress review exercise be planned every six months, with a slightly more intensive mid-term review replacing the progress review after 12 months of implementation. The mid-term review would be a particularly useful juncture at which to consider the alignment between this first phase of the RPA and the eventual second phase, and to identify how

to transition or integrate successful interventions into longer-term development strategies. The coordination structure would be expected to be the lead agency for the RPA progress reviews, but the reviews themselves should be based on strongly consultative processes in which all stakeholders are able to provide feedback on RPA implementation to date.

22.0 Monitoring and Evaluation

22.1 Monitoring and evaluation (M&E) is an essential function for measuring progress in the recovery strategy's implementation and achievement of intended objectives. The main M&E tool proposed by the RPA for recovery interventions is the SRF, which captures the priority outcomes and indicators identified by each component to monitor progress over the twenty-four-month period of RPA implementation (see Annex I).

22.2 It is recommended that responsibility for M&E coordination and oversight reside with the intragovernmental coordination structure. This will depend on activities managed and data collected by line ministries, local authorities, and other implementing agencies. As such, a system for cross-sectoral M&E collaboration should be an early priority, and include senior officials from all implementing agencies to ensure high-level support for M&E activities. Additional priority actions should include establishing a specialist M&E unit with adequate capacity[43] and resources; developing and agreeing on reporting procedures with implementing partners, including line ministries and relevant oblast and local staff; training and capacity building for the M&E unit and all implementing partners on M&E procedures; and developing a management information system. Ensuring public access to M&E data will be essential to keeping implementation transparent and credible. Regular M&E reports and updates to the Strategic Results Framework should be available online and widely disseminated to the public via the media and other communication channels. Participatory M&E processes that support the engagement of conflict-affected areas should also be designed and promoted wherever feasible.

43 The specific composition of the M&E unit will need to reflect the need for dedicated M&E specialists at central and local levels and should include expertise in data analysis and management, conflict monitoring, gender disaggregation, and IT.

Chapter VII

FINANCING STRATEGY AND MODALITIES

23.0 Principles

23.1 Addressing priority recovery, reconstruction, and peacebuilding needs in the short term will require leadership and substantial commitments from the GoU, along with support from the international community. This chapter proposes a financing strategy to meet urgent recovery and peacebuilding support needs identified in the Eastern Ukraine RPA. It describes the main objective and key components of such a strategy, including the main financing sources and instruments and key considerations to encourage collective responsibility for outcomes.

23.2 The situation in eastern Ukraine is still evolving, with ongoing military operations and uncertain prospects for a lasting ceasefire. Estimated reconstruction needs may continue to rise as they are further assessed. Nevertheless, it is urgent to formulate a response and provide feasible elements of support in an integrated, fast, and flexible manner. The response should be tailored to ongoing needs yet also cognizant of the severe constraints posed by the ongoing conflict. It should aim to leverage the different available funding sources.

23.3 The government has earmarked recovery and reconstruction funding for the eastern regions in the 2015 budget, but faces difficult resource and institutional capacity constraints. Given this, and the overall economic hardships of the communities affected by the conflict, Ukraine's humanitarian and early recovery needs cannot be met by the government alone. Therefore, international development partners will be called upon to finance part of the short-term recovery needs. Over time, the government will need to make fiscal space to take over more of the recovery spending. It will also need to enhance the efficiency of public spending, engage nongovernmental actors in the design and administration of the recovery and peacebuilding interventions, and, critically, create the conditions and space for competitive private-sector activities.

24.0 Objectives and Core Considerations

24.1 The overall objective of this financing strategy is to strengthen the effectiveness of the immediate post-conflict reconstruction effort by linking different financing sources and instruments together in support of identified priority activities. By doing so, the goal is to encourage collective responsibility for delivery, a higher degree of integration of resources (human and financial), and coordinate technical support and risk management during the post-conflict recovery period.

24.2 Ukraine is a middle-income country, and recovery financing is expected to come primarily from a combination of regular budget allocations and loans, while grants are likely to make up a smaller proportion of the total. To ensure synergies between the different sources of financing and effective use of different funding instruments, the financing strategy will be grounded in the following:

- Prioritization between different needs in the RPA, based on a combination of urgency, criticality, and feasibility;

- A comprehensive overview of possible funding sources (from the national budget as well as from loans, grants, and bilateral programs) and their scope and limitations;
- A recognition that collective action and responsibility for results is important, in particular for activities that aim to strengthen social cohesion, reconciliation, and peacebuilding;
- A responsive approach that can ensure flexible and rapid financing and disbursement to accommodate changes in needs and priorities;
- An approach that allows for scalability to accommodate future financing needs as and when they emerge (for example, based on expanding the geographic scope of the RPA).

24.3 An important consideration when formulating a financing strategy for the RPA is the extent to which it will promote coordination and collective responsibility for delivery of results in conflict-affected areas. There are limits to shared accountability for results across different financing sources and instruments, especially when these rely to a large extent on sovereign loans and guarantees. Yet integration at the outcome level can be achieved by focusing on a subset of activities where a broader coalition and collective action is both possible and warranted in response to high risks, insecurity, and limited capacity of government to deliver. In these cases, specialized solutions should be drafted for pooling certain resources (human, procedural, financial) to jointly manage these during RPA implementation.

24.4 A second consideration relates to the utility of pooling grant financing in a specific instrument. While grants are expected to only account for a smaller percentage of the total resource flows, a pooled fund can still perform important functions by preventing duplication and fragmentation of activities, filling critical gaps in financing, promoting economies of scale, and facilitating collective action and risk management. Importantly, a pooled fund can provide a platform to finance those priority areas where collective focus and attention is absolutely critical, and/or where financing through country systems at the necessary scale is less likely (such as for specific capacity strengthening activities and projects focused on social cohesion, reconciliation, and peacebuilding). A key consideration during the finalization of the RPA will be to explore whether a critical mass of grant financing can be mobilized to justify the initial higher operating costs of establishing a pooled fund.

25.0 Components of the Financing Strategy

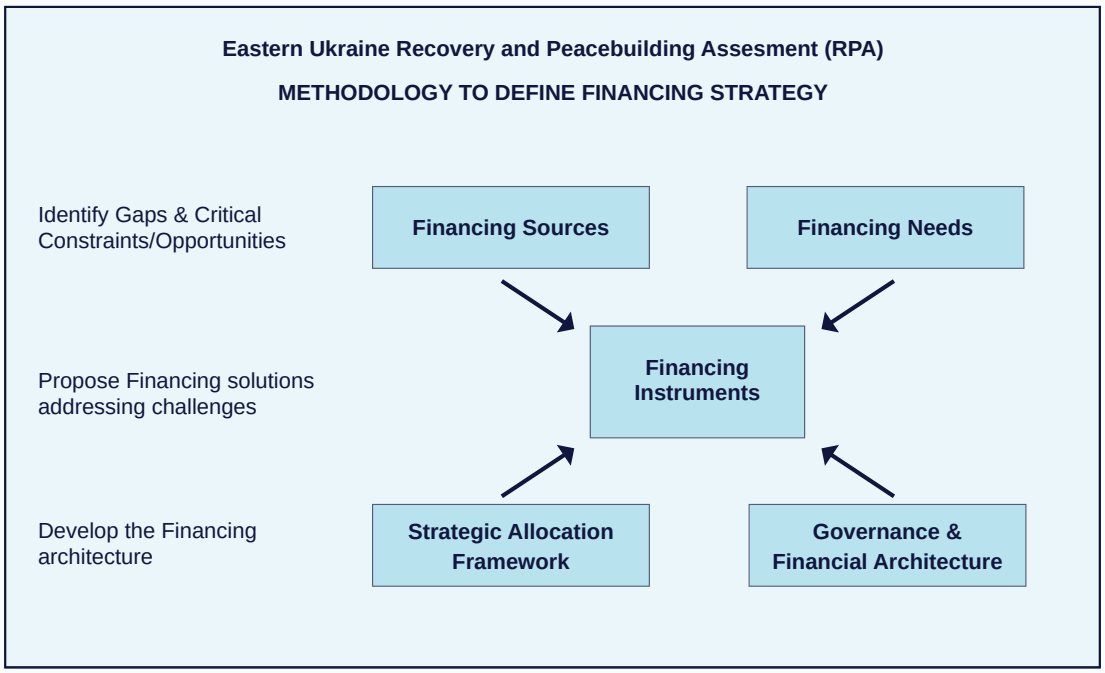
25.1 Establishing a financing strategy involves four key steps: (i) agreeing on a set of priorities (financing needs) within the overall cost envelope of the RPA; (ii) mapping the various financing sources that can be accessed to deliver on these priorities; (iii) identifying the range of specific instruments needed for delivery (strategic allocation framework); and (iv) establishing appropriate institutional arrangements, including governance and accountability mechanisms, to promote joint responsibility for outcomes. Figure 3 illustrates this process, while each step is further described in the subsections below.

Overall Financing Needs

25.2 The total cost envelope for the RPA has been estimated at US$1.520 billion. Needs are divided into three components (see Table 6). Within the RPA, components also include several categories of spending that would possibly merit a more integrated approach, such as priorities relate to generating knowledge, strengthening capacities, and providing technical assistance.

25.3 The RPA team is also putting forward a set of criteria to encourage further prioritization

Figure 3. Concepts and methodology applied to define the financing strategy



of those activities that require immediate attention, either because of their urgency or because of their critical importance for the sustainability of the recovery effort.

25.4 Across the RPA, there are specific categories of spending that would possibly merit a more integrated approach. In particular, a number of priorities relate to generating knowledge, strengthening capacities, and providing technical assistance. Similarly, several priority activities will address localized peacebuilding efforts through direct engagement with hard-to-reach communities. Finally, critical priorities can be found in more sensitive areas that are directly related to stabilization, peacebuilding, and strengthening social cohesion, notably for reconciliation, support to IDPs, demining, and support for reintegrating ex-combatants. Given their criticality for conflict resolution, these aspects will require dedicated arrangements during implementation.

Table 6. Estimated aggregate recovery needs

	US$ (millions)
Infrastructure and social services	1,257.7
Economic recovery	135.5
Social resilience, peacebuilding, and community security	126.8
Total	**1,520.0**

Sources of Financing

25.5 Even in a period of stress, part of Ukraine's funding needs must be met from the national budget. Different types of remaining needs will attract a variety of sources of financing. For instance, general balance of payments financing is typically provided by the IMF; multilateral bank

loans are the natural financing source for infrastructure needs beyond what the budget can cover in a middle-income country like Ukraine; while urgent recovery requirements, civil society support, or community-level peacebuilding are often funded by grants.

25.6 Financial requirements are likely to exceed currently available national and international resources. Thus, the RPA will need to be supported by strong measures to increase fiscal space. A proper mapping of available financing is needed as basis for operationalizing the RPA.

25.7 Grant financing from international donors will be particularly important while the Ukrainian government is largely shut out of private capital markets. This mainly takes the form of earmarked funding to specific programmatic areas. Grant financing can help access flexible funding earmarked for immediate interventions that support recovery and peacebuilding. Grants may be channeled as direct budget support to the government or local entities. But because of the impact of the crisis on institutional capacities, grants implemented by specialized agencies (national or international) may enhance financing opportunities. In a post-conflict context, working with a variety of organizations can attract international donors if they see programmatic risks mitigated by an effective network of such organizations.

25.8 Private-sector financing and investments are of major importance for fostering economic recovery and setting the basis for sustainable development and stability. Foreign direct investment (FDI) can be critical for sectors such as mining, telecommunications, and construction. Encouraging social investments (such as employing and training nationals, and using local suppliers) can magnify the benefits to the local economy, help create jobs, and build the tax base while producing necessary goods and services. Remittances are also significant from a macroeconomic point of view, providing households with family members working abroad an important financial safety net. But conflict and economic instability pose a substantial risk to private sector inflows owing to asset destruction, weakened property rights, inflation, currency depreciation, and lack of effective economic regulation and rising corruption.

Defining the Mix of Financing Instruments

25.9 From the above it is clear that financing for RPA implementation will come from a range of instruments, including:

- **The national budget** (including direct budgetary support): The budget will be the main source of financing, in particular to ensure sustainability of the recovery efforts over time and to cover recurrent costs associated with the reestablishment of government capacities and services in the conflict-affected areas. A budget allocation of UAH 300 million has already been confirmed.
- **Lending instruments** (investment financing, reorientation of existing projects): A number of loan-funded projects are already in place, and it is expected that these will be scaled up or reoriented over time to finance RPA priorities, in particular in terms of large-scale infrastructure reconstruction. These are predominantly implemented through national systems and thus aligned to budget priorities. A key challenge will nonetheless be to ensure that the various working groups and project implementation units (PIUs) that have been set up to support these loans are aligned and able to coordinate with each other.
- **Grant financing:** Grants will likely constitute an important part of RPA financing, even if the relative amounts are expected to be small compared to external financing through loans. Grants will be particularly critical in areas of the RPA that try to address challenges of social

cohesion, stability, and reconciliation; and where coordination is critical to avoid duplication (that is, knowledge, assessments, technical assistance). Grants will also be needed to finance key thematic support in areas where the government's ability to borrow might be limited, and/or where the risks of engagement on sensitive issues are too high for partners to take on individually.

25.10 It may be expedient for the majority of grant financing to be pooled into a Multi-Partner Trust Fund (MPTF), as has been the case in several other post-conflict recovery contexts. An MPTF would ensure that support that explicitly targets issues of cohesion, stability, and reconciliation is financed in a coordinated manner that builds synergies between different activities and strengthens collective understanding of the context and evolving risks. In the case of Ukraine, an MPTF could have the benefits of:

1. Supporting overall coherence by filling critical gaps and underfinanced priorities;
2. Leveraging national investments by providing cofinancing in critical areas;
3. Building capacity to create enabling conditions for overall implementation; and
4. Providing specific expertise and support on thematic issues not naturally covered by other financing instruments.

25.11 Several international institutions have significant experience administering such facilities, and examples also exist in which private firms have taken on fund administration. The specific design and administrative arrangements will depend both on the agreed activities that will be prioritized and the available financing to be pooled. Based on experiences from past trust fund models and the need to ensure that country systems are used to the largest extent possible, an MPTF may be highly relevant in Ukraine. A possible MPTF would be recommended as an early topic for discussion between the RPA implementation coordination structure and donor agencies.

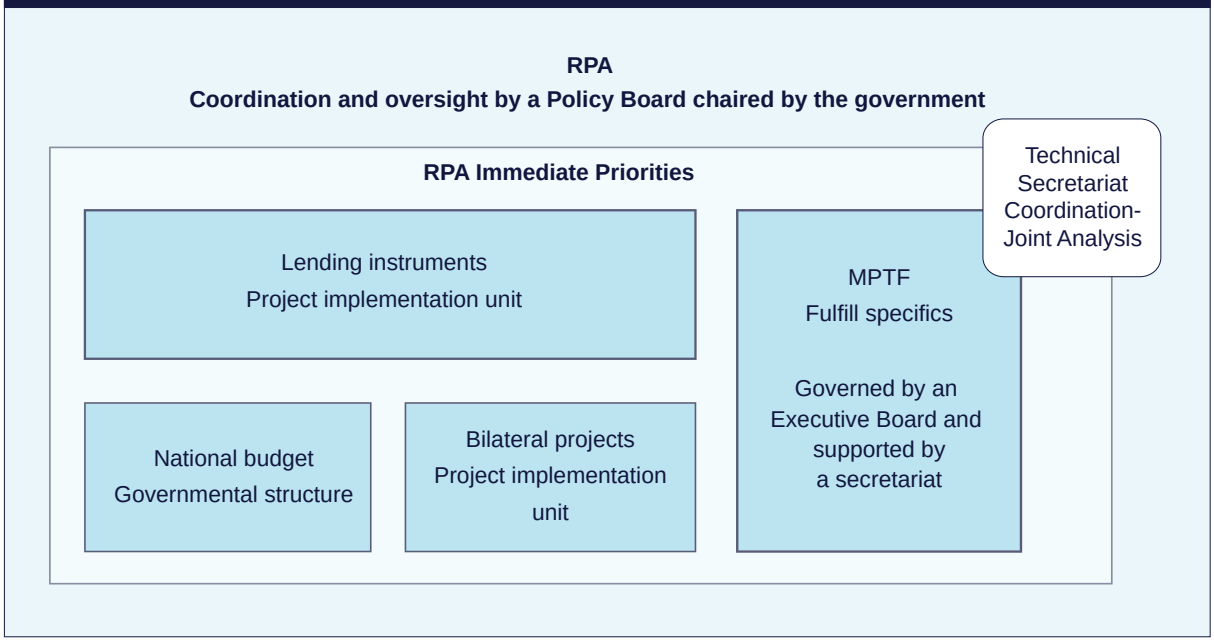
25.12 The interventions and their implementing entities within a possible MPTF would be selected through a collective decision-making process involving both national representatives and financial contributors. The projects would directly contribute to the objectives defined in the RPA's SRF and would report on their achieved results in a consolidated manner. The MPTF can thus be understood as a technical solution to the challenges of delivering results in the post-conflict environment; a political solution to issues related to capacity, coordination, and coherence of such support; and an effective mechanism to pool and manage risks. To fulfill the described functions and justify its operational cost, a critical mass representing a minimum of 10 percent of overall RPA funding would be recommended to be mobilized through an MPTF.

25.13 Support through bilateral aid channels will also support RPA implementation. There are many reasons why donors might prefer continued bilateral support, such as to promote specific policies, cater to different constituencies, or because of procedural constraints that prevent pooling of funds. However, in the context of a high-risk, weak capacity–implementing environment in eastern Ukraine, a "spaghetti bowl" of bilateral financing runs a high risk of being inefficient and ineffective. The main reasons for this are likely insufficient coordination and possible inconsistency with the recovery strategy. These in turn could lead to the duplication of implementation modalities, excessive demands on local implementing partners, and fragmentation of smaller projects that address overlapping parts of the same priority.

25.14 To the extent possible, it will be important for the RPA to integrate a maximum number of

financing instruments. Figure 4 shows how this can be done under the general umbrella of the RPA coordination structure without violating the integrity of individual instruments and the specific accountability and procedural requirements associated with each, which might in some cases prevent direct resource pooling. The institutional and governance arrangements section below describes how collective responsibility for outcomes can still be achieved within the joint facility, and highlights the role of the Technical Secretariat in this process.

Figure 4. The palette of financing instruments in support of RPA priorities



Coordination of Financing Instruments

25.15 As detailed in Chapter VI, the proposed intragovernmental coordination structure could also oversee the RPA financing strategy, including resource mobilization. This would allow RPA priorities to be aligned with the various funding channels and instruments and allow for strategic reorientation of individual financing instruments when necessary. The Technical Secretariat would remain in close contact with the multiple financing instruments to target available financing to priority needs and reduce potential duplication or gaps. Some financing mechanisms, such as an MPTF, would be expected to work under the overarching RPA coordination framework (including, for example, oversight by the intragovernmental coordination structure and administration by the technical secretariat), but may also require complementary accountability arrangements.

Annex I

RPA STRATEGIC RESULTS FRAMEWORK

An SRF will measure progress regarding how the RPA strategy is implemented and how its intended objectives are achieved. It seeks to capture progress toward priority indicators and the outcomes they represent across each component of the RPA. As a representation of visible progress toward peace, the strategic results framework is also a tool for trust- and confidence-building and for strategic communication. A disconnect between the population's expectations for recovery and peacebuilding and the results that are visible to the population (or a lack of understanding of what progress has been made toward peacebuilding objectives) could drive distrust and suspicion and be a conflict-multiplier. However, a strategic results framework with meaningful indicators, clear measures of visible progress, and transparency and regular communications can be deeply significant for the population and stimulate support for the recovery process.

The RPA currently presents a wide range of progress indicators across each component for the government and its recovery partners to consider. The next step will be for government to lead a process to refine and prioritize these indicators, as part of RPA implementation planning and operationalization planning. This exercise would review the current set of indicators proposed; assess the scope and reach of each; reconfirm the ongoing relevance of each indicator as a measure of recovery and peacebuilding; identify additional indicators that may be needed, including those that reflect specific outcomes for vulnerable groups or different regions; identify the interim and final targets for each indicator, including gender disaggregation as is relevant; and ensure that indicators are sufficiently modular and phased to allow for progress to be meaningfully measured across the 24-month duration of RPA implementation (and beyond). Examples of how existing indicators could be converted into strategic-level indicators are included below.

This exercise would be expected to result in two separate tools: (i) an SRF, which will include a limited number of key indicators that will most visibly demonstrate progress toward peace in the eyes of the population as a whole; and (ii) an Implementation Monitoring Framework, which would be a crucial tool for monitoring progress at the technical level. The Implementation Monitoring Framework would be a key management tool for the intragovernmental coordination committee, as well as individual ministries and implementing partners. The SRF, meanwhile, would be the foundation for a social contract between citizens and the state on recovery—and represent indicators that would reinforce the faith and confidence of the population that recovery efforts are proceeding in the right direction and yielding tangible results. As such, it would be expected to be widely shared and visibly discussed as part of the six monthly RPA progress reviews.

In selecting indicators for the SRF, the following principles are recommended:

- Indicators should be measures that can be tangibly defined and recognized by the population, and can credibly increase the population's confidence that recovery is going in the right direction.
- Indicators should be compelling and generate support for their achievement across different stakeholder groups.

- Indicators should be a subset of key outcomes for each component. They should illustrate the big picture objectives to which each subcomponent aims to contribute, but need not represent each subcomponent individually.
- Ideally, no more than 15 indicators would be included (no more than five for each of the three components).
- For each indicator, short-term and long-term objectives should be defined. Short-term indicators could be process- or output-oriented, and will help build confidence and ensure that progress is on track. Longer-term indicators would be targeted toward the end of the 24-month RPA implementation period and would be a more outcome-oriented measure of recovery.

For the Implementation Monitoring Framework:

- Limit each outcome to a small number of indicators that include a sense of scope.
- Seek to highlight visible goals, particularly in recovery sectors where goals can seem abstract or might not be visible to the population.
- Integrate a clear timeline for indicators to be achieved.
- Develop a review process for the framework that will allow for incremental changes and mid-course corrections in indicators as needed.

In addition to these principles, it is also recommended that the existing draft indicators proposed by the RPA component teams be refined by the government to make sure they fully reflect the government's specific strategic and implementation level objectives. While both the SRF and the Implementation Monitoring Framework will be informed by their overall purpose of fostering trust and confidence in the recovery process, they will need to be uniquely designed in terms of their frequency and sensitivity. Strategic indicators will need to resonate strongly with citizens (conflict-affected populations, IDPs, host communities, and citizens around the country) and will serve as signals of recovery and reconciliation. Implementation monitoring indicators, however, need to demonstrate forward momentum in delivering recovery and peacebuilding programming and credible incremental spending of financing for recovery investments.

Many RPA outcomes, such as restoring access to education, can integrate both "hard" and "soft" elements—for example, in rebuilding schools and helping teachers and students recover from trauma. Education results could thus be framed as:

Outcome	Baseline Conditions	Indicators
Education facilities reconstructed in target areas of Luhansk and Donetsk oblasts; physical reconstruction complemented by psychosocial services and mine risk education (MRE).	126 education facilities, formerly serving __,000 students, damaged enough by the conflict to be unsafe or dysfunctional.	1. Civil works contracts signed for rehabilitation of __% of the 126 facilities to be repaired. 2. Standard training program under design for schools on PTSD (teachers) and MRE (students). 3. % of students with renewed access to safe, rehabilitated education facilities. 4. % coverage of teachers and students in target schools with PTSD counseling (teachers) and MRE (students).

Indicators 1 and 2 are more short-term and would demonstrate progress in the first 6–9 months of the RPA. Indicators 3 and 4, meanwhile, would be more medium-term and show results throughout the RPA period. The SRF would focus on one important milestone for each indicator, showing where the RPA expects to be at each six-month review, whereas for implementation monitoring, each indicator would be broken down into several incremental milestones that would be monitored and would quickly illustrate any delays.

In reviewing and finalizing indicators, it will also be crucial for the government and its recovery partners to formulate indicators in a way that makes them clear, understandable, and measurable for the population, and also minimizes potential intergroup tensions. For example, some key indicators may seem apolitical but could be regarded as giving preference to one group over another. In such cases, such as restoring power, it will be key to build in transparency about beneficiaries within relevant indicators in order to demonstrate the evenhandedness of the RPA.

Outcome	Baseline Conditions	Indicators
Power distribution and transmission networks and power-generating capacity are restored and operational.	35,000 residents in 33 settlements without power.	*Current indicators:* 1. # of residents with renewed power supply 2. % of energy facilities restored *Possible alternative with greater clarity on beneficiaries:* 1. (Short-term) __ of 33 settlements now have power infrastructure with civil works contracts issued for their repair. 2. (Medium-term) __% of affected populations have power supply restored, with beneficiaries disaggregated by host communities, IDPs, and businesses.

Other indicators may be unobjectionable and uncontroversial, but could be made more compelling for the average citizen. Financial services is one such example.

Outcome	Baseline Conditions	Indicators
Financial services and financial sector stabilization.	Financial sector faces a major crisis.	*Current indicators:* 1. Credit lines or guarantees from IFIs such as the WBG or European Bank for Reconstruction and Development (EBRD) are ensured. *Possible alternative with greater clarity on beneficiaries:* 1. (Short-term) Credit lines or guarantees from IFIs are secured. 2. (Medium-term) Recovery investment plan and policy reform agenda underpinned by IFI financing are transparently communicated and shared in all areas, and links to the RPA are clearly reported upon in media.

Similarly, objectives and aspirations should be easily understandable to average citizens and linked to measurements that have meaning for the citizenry. Trust between the state and conflict-populations could be reformulated.

Outcome	Baseline Conditions	Indicators
Current formulation: Trust between state and conflict-affected populations improved through enhanced governance processes.	High levels of mistrust and uncertainty in conflict-affected communities. Local authorities' capacity is limited due to destroyed infrastructure and/ or overload with new challenges	1. # of pilot social accountability initiatives, on service delivery and on the use of funds allocated to recovery 2. % of IDPs and local communities participating in decision making for recovery projects 3. % of local civil servants and # of civil society activities trained on gender-sensitive post-conflict policy
Possible alternative: Deepened practical cooperation between local authorities, host communities, and IDPs.	High levels of trust and uncertainty, and limited capacity of local authorities.	1. __% of target pilot communities who have agreed on joint social accountability initiatives linked to service delivery and use of recovery funds 2. __% of IDPs and local host community participating in joint decision-making fora convened by local authorities to make decisions on and oversee spending of recovery financing

Finally, a strong measure of results should be included for each indicator.

Outcome	Baseline Conditions	Indicators
Enhanced sensitivity and tolerance in the media.	Unequal treatment of tolerance and peace issues in national and local media.	*Current indicators:* 1. # of media representatives and CSOs receiving capacity-building training on peace and tolerance *Possible alternative with stronger results focus:* 1. Coverage of target media reps and CSOs receiving training on peace and tolerance (monitoring indicator) 2. Frequency and quality of media mentions of conflict and tolerance issues with "peacebuilding-friendly" messages (strategic indicator)

DRAFT RESULTS FRAMEWORK

Strategic Component 1: Restore critical infrastructure and social services		
Outcomes	**Baseline Conditions**	**Indicators**
Subcomponent 1: Education		
1.1 Education facilities reconstructed in liberated areas of Luhansk and Donetsk oblasts	At least 126 education facilities damaged by the armed conflict	% of rehabilitated and equipped education facilities; # of children with improved access to education
1.2 Support of service delivery in conflict-affected and IDP-receiving oblasts	Limited psychological support for IDPs and communities available; no comprehensive training program on MRE	# of children who received psychological support; # of children who were trained in MRE
1.3 Psychosocial support for affected students; catch-up classes for students who have missed school days due to displacement or conflict	Small-scale activities performed by local NGOs	25% of children and youth requiring psychosocial support
1.4 Capacity of the authorities (in conflict-affected and IDP-receiving regions) to respond to challenges brought by the armed conflict strengthened	Limited capacities of educational professionals in psychosocial support; risk of exclusion from the educational system	# of professionals in education and beyond are trained; mechanism is in place to ensure children's right to education
1.5 Risks related to the crisis mitigated	No safety impact assessment for potential hazards; public relations materials and hotline of the MSP and SES	# of reached students and parents with developed MRE program and the government information system
Subcomponent 2: Energy		
2.1 Power distribution networks, power transmission network, and power-generating capacities are restored and operational	35,000 residents in 33 settlements without power	# of residents with renewed power supply; % of energy facilities restored
2.2 Coal mine operation restored	6 mines damaged (on analyzed territories)	# of monthly coal production that meets planned volumes
2.3 Damaged heating networks and boiler houses recovered	Heating networks and boiler houses damaged in affected areas	- heating services recovered to # persons
2.4 Gas and oil pipelines are repaired and services operational	Gas- and oil-transmitting systems disrupted due to damages	- recovery of gas and oil supply has been recovered to # consumers
2.5 State budget reimbursement to displaced persons and cost of thermal energy and gas for five oblasts ensured	Social assistance for IDPs is in place	- amount of funds earmarked in budgets of relevant oblasts for IDP reimbursement programs

Subcomponent 3: Environment		
3.1 Environmental governance in the crisis-affected areas reestablished and strengthened	Environmental governance capacities are low (incl. no PCEA, SEA of the Donbas Recovery Programme)	# of properly staffed, equipped, and functional institutions; # of analyses in place
3.2 Achieve visible environmental restoration to contribute to peacebuilding	Protected areas are not rehabilitated or protected; debris is not removed and disposed; environmental services in cities are disrupted	- total # ha rehabilitated; # of waste removal, wastewater treatment facilities rehabilitated
Subcomponent 4: Health		
4.1 Health infrastructure recovered to a precrisis level	9% of infrastructure damaged; equipment losses; no tertiary-level facilities available	% of facilities reconstructed; # of facilities with regained equipment; availability of tertiary-level services
4.2 Health system of five oblasts strengthened to address IDPs' health needs	Health system budget calculated without considering IDPs' needs	% of total health budget for IDPs' needs allocated
4.3 Access to pharmaceuticals provided to IDPs	Reimbursement mechanism used on a limited scale	% of eligible IDPs having access to pharmaceuticals via reimbursement mechanism
Subcomponent 5: Public buildings and housing		
5.1 Payment of eligible indemnities to owners of single-family houses, multiapartment buildings	At least 2,366 single-family and 7 multiapartment houses damaged	# of people with recovered shelter
5.2 Damaged multiapartment houses repaired	Some repairs have been performed by residents' own means	# of houses repaired; # of people with safe shelter
5.3 Public buildings repaired and reequipped	12 categories of public buildings damaged in Donetsk and Luhansk oblasts	# of public buildings repaired
Subcomponent 6: Social welfare		
6.1 Social protection infrastructure reconstructed	5% of infrastructure requires rehabilitation	% of infrastructure facilities reconstructed
6.2 Aid, unemployment benefits, and active labor market measures provided to IDPs	0% of IDPs are participating in active labor market measures	% of IDPs are getting unemployment benefits; # of IDPs get unemployment benefits and aid
6.3 Authorities' capacities strengthened	No additional social workers hired	500 social workers hired; # of serviced citizens increased by 10%
Subcomponent 7: Transportation		
7.1 State as well as municipal transport infrastructure rehabilitated	1,100 km of roads and railways affected; 10 bridges affected; roads and bridges affected	# of km rehabilitated; # of bridges rehabilitated; km of roads and railways, and number of bridges rehabilitated

Subcomponent 8: Water supply and sanitation		
8.1 Water and sanitation facilities in highly affected and less-affected areas restored	Water and sanitation facilities destroyed in affected areas of Donetsk and Luhansk oblasts	% of destroyed water and sanitation facilities reconstructed
8.2 Operation of water and sanitation service departments in Donetsk and Luhansk oblasts restored	Water and sanitation services capacities are low due to equipment damage, departure of employees, and lack of access	% of service departments operate effectively
8.3 Water and sanitation service delivery decentralized and water supply sources of the region are diversified	Highly centralized system of water supply	% of water supply provided by the decentralized systems in affected regions
Strategic Component 2: Promote economic recovery		
Outcomes	**Baseline Conditions**	**Indicators**
Subcomponent 1: Employment creation		
1.1 Access to employment facilitated through reduced informational and legal barriers	# of people with legal issues that constrain them from working or opening a business # of low-skill, medium–skill, and high-skill vacancies posted	# of solved cases # of people able to work # of job seekers finding a suitable job to pursue - satisfaction with job-searching mechanism
1.2 Access to employment facilitated through improved referral services and mobility support	Current levels of referrals at each local employment	# of job referrals # of applications serviced
1.3 Temporary employment opportunities are created	# of people ready and able for work and actively seeking employment	# of employers using the state employment service to source workers # of weeks of employment # of individuals in temporary employment
1.4 Employability enhanced through investments in human capital improvement	# of courses and training currently offered # of jobless people wanting to train	# of courses and training offered # of jobless completing training # of trainees accessing work
1.5 Mobility of job seekers to more suitable localities enhanced through use of mobility vouchers	# of IDPs and applications	# of applications serviced

1.6 Capacity of state employment services and local governments to manage CRWP enhanced	# of current works programs planned # of current trainings offered	# of works programs planned # of trainings offered # of job seekers serviced - efficiency improved
Subcomponent 2: Productive capacities and livelihoods		
2.1 Livelihoods improved in targeted areas through community-level livelihood programs	# of currently employed in targeted areas	# of new businesses # of development projects initiated and implemented by local communities - improved household statistics
2.2 Livelihood opportunities and productivity improved through provision of agricultural extension services	# of extension service providers in the regions concerned and their corporate statics on main performance indicators on the date the project is launched	# of new providers of extension services in the regions concerned # of services provided (training, counseling sessions, and so on)
Subcomponent 3: Local economic planning		
3.1 Capacities for effective and inclusive local economic planning enhanced	Low or nonexistent local inclusive development planning Lack of structures for inclusive planning	- local working groups for consultations established # of capacity-building trainings # of people trained
3.2 Initial local community development activities planned and initiated through inclusive planning processes (link to community development activities in Component 3)	Nonexistent	# of local community development initiatives implemented
Subcomponent 4: SMEs and private-sector recovery		
4.1 Private-sector recovery and growth is stimulated	Current levels of regulation and taxation and the current budget status are not conducive to private-sector recovery	# trainings for raion and oblast officials # of regulations eased # of taxes reduced - budget spending changes
Subcomponent 5: Financial services		
5.1 The financial sector is stabilized	Ukraine's financial sector faces a major crisis	- credit lines or guarantees from IFIs such as the WBG or EBRD are ensured

Strategic Objective 3: Strengthen social resilience, peacebuilding, and community security		
Outcomes	**Baseline Conditions**	**Indicators**
Subcomponent 1: Better understand vulnerability, risk, and social cohesion		
1.1 Analytical baselines and monitoring tools produce reliable data	Absence of baseline data on conflict impacts on social cohesion	- social cohesion data collected from all eastern oblasts - quarterly social cohesion tracking reports produced - validation of reports by key stakeholders - vulnerability and Social Cohesion Assessment/ Index
1.2 High-quality data and analysis on vulnerability, risk, and social cohesion informs policy and programmatic decisions	Weak or inaccurate evidentiary base for policy and programmatic decisions	- availability of gender-disaggregated official data related to conflict and peace and tolerance building # of trainings of local CSOs and think tanks to monitor the situation and provide recommendations
Subcomponent 2: Promote social cohesion and build back trust		
2.1 Improved social cohesion in conflict-affected communities	Fractured social relationships, lack of trust in conflict-affected communities Polarized narratives of the conflict and societal tensions	% of conflict-affected communities benefitting from recovery projects hours of peacebuilding programming broadcast nationally % of the population reached by public media campaigns for peace and tolerance
2.2 Trust between state and conflict-affected populations improved through enhanced governance processes	High levels of mistrust and uncertainty in conflict-affected communities Local authorities' capacity is limited due to destroyed infrastructure or/and overload with new challenges	# of supported pilot social accountability initiatives, on service delivery and on the use funds allocated to the recovery % of IDPs and local community participating in decision making for recovery projects % of local civil servants and # of civil society activists trained on gender-sensitive post-conflict policy
Subcomponent 3: Promote a culture of tolerance through dialogue and civic participation		
3.1 Platforms established for community- and national-level dialogues on tolerance and peacebuilding	Highly polarized narratives of the conflict, but also of other tensions and grievances linked to national reform agenda Weak local-level skills to promote peace and tolerance and to manage potential sources of tensions	# of dialogue events facilitated around the country % of localities with trained dialogue facilitators, including % of trained women facilitators % of local authorities receiving capacity-building training on peace and tolerance

3.2 Sensitivity and tolerance in the media enhanced	Unequal treatment of peacebuilding and tolerance issues in the national and local media	# of media representatives, CSOs receiving capacity-building training on peace and tolerance
3.3 Youth and women's civic engagement on peacebuilding promoted and strengthened	Few opportunities for bridge building between communities in different parts of the country	# of interregional and interethnic cultural exchange events for women, children and youth # of women's NGOs received capacity-building training
Subcomponent 4: Ensure social protection for conflict-affected populations		
4.1 Improved information availability to the displaced on programs and assistance	Confusion among IDPs and host communities on recovery planning, subsidies, decrees, assistance programs, and so on	- a web portal for IDPs and hosts on recovery-oriented information is established - a telephone hotline is established - bulletins and manuals on IDP registration procedures are available
4.2 Improved procedures for delivering basic social services and benefits to conflict-affected populations	Administration of delivering social services and benefits to conflict-affected populations is inefficient	- administrative "one-stop shops" established
Subcomponent 5: Promote access to justice		
5.1 Improved citizen security and access to justice	High exposure of citizens to violence Underreporting of conflict-related crime and violence	% of police precincts registering cases of victims of conflict-related crime and violence % of allegations and complaints being actively investigated % of investigations concluded and/or resolved Procedures for registering conflict-related crime and violence are established and available in all police precincts, including special procedures for addressing SGBV
5.2 Strengthened capacity, legitimacy, and accountability of law enforcement and justice institutions related to the conflict	Lack of specialized expertise and resources for investigation and prosecution. Lack of trust of conflict-affected populations in justice institutions	% of civilian and military prosecutors and judges trained in violence prevention and protection aspects of international humanitarian law and criminal law - improved levels of trust in justice institutions
5.3 Domestic and SGBV prevention and monitoring supported in conflict-affected areas and nationwide	High exposure of citizens to violence	% of police precincts registering cases of victims of conflict-related crime and violence % of allegations and complaints actively investigated and concluded/resolved

5.4 A strengthened national network of the OO to support conflict-affected populations to access needed support and services	OO offices are not present in all conflict-affected oblasts and lack structures for addressing additional needs generated by the conflict	- OO regional offices established in all conflict- affected and adjoining oblasts # of cases registered and resolved by the OO network.
Subcomponent 6: Provide legal assistance		
6.1 Conflict-affected populations have access to legal support and administrative assistance	Lack of an efficient and effective system to address legal assistance and information needs for conflict-affected populations	% of conflict-affected population with access to legal assistance
Subcomponent 7: Offer psychosocial support for conflict-affected populations		
7.1 Skilled psychosocial assistance is available to conflict-affected populations	Insufficient capacity for psychosocial support for conflict-affected populations including IDPs and communities adjacent to conflict areas, combatants, and so on	% of conflict-affected communities in which qualified psychosocial support is available % of current medical and social specialists receiving training on conflict-related trauma # of counseling services and rehabilitation for women
Subcomponent 8: Restore community security		
8.1 Community-embedded early warning mechanisms help prevent and mitigate tensions and community security problems	Develop community-embedded early warning mechanisms	# of local community reference groups - availability of user-friendly, low-cost technological information management platforms
8.2 Conflict-affected areas demined	Risk of post-conflict loss of life due to residual lethal material Unknown levels of contamination and of awareness of UXOs among local populations in conflict areas	- number of area-based incident monitoring systems in place - number of mines/UXOs/ERWs cleared - hectares of contaminated land certified as safe and returned to productive use for local population
Subcomponent 9: Prepare for DDR of returning ex-combatants		
9.1 Framework for DDR of combatants is available	Absence of a national plan for DDR, including economic, social, and psychosocial reintegration assistance for ex-combatants	- national DDR framework is developed, including budget and implementation arrangements - national DDR framework includes all members of the armed forces, national guard, and volunteer battalions and is gender sensitive - clear triggers and processes are established for launching the plan

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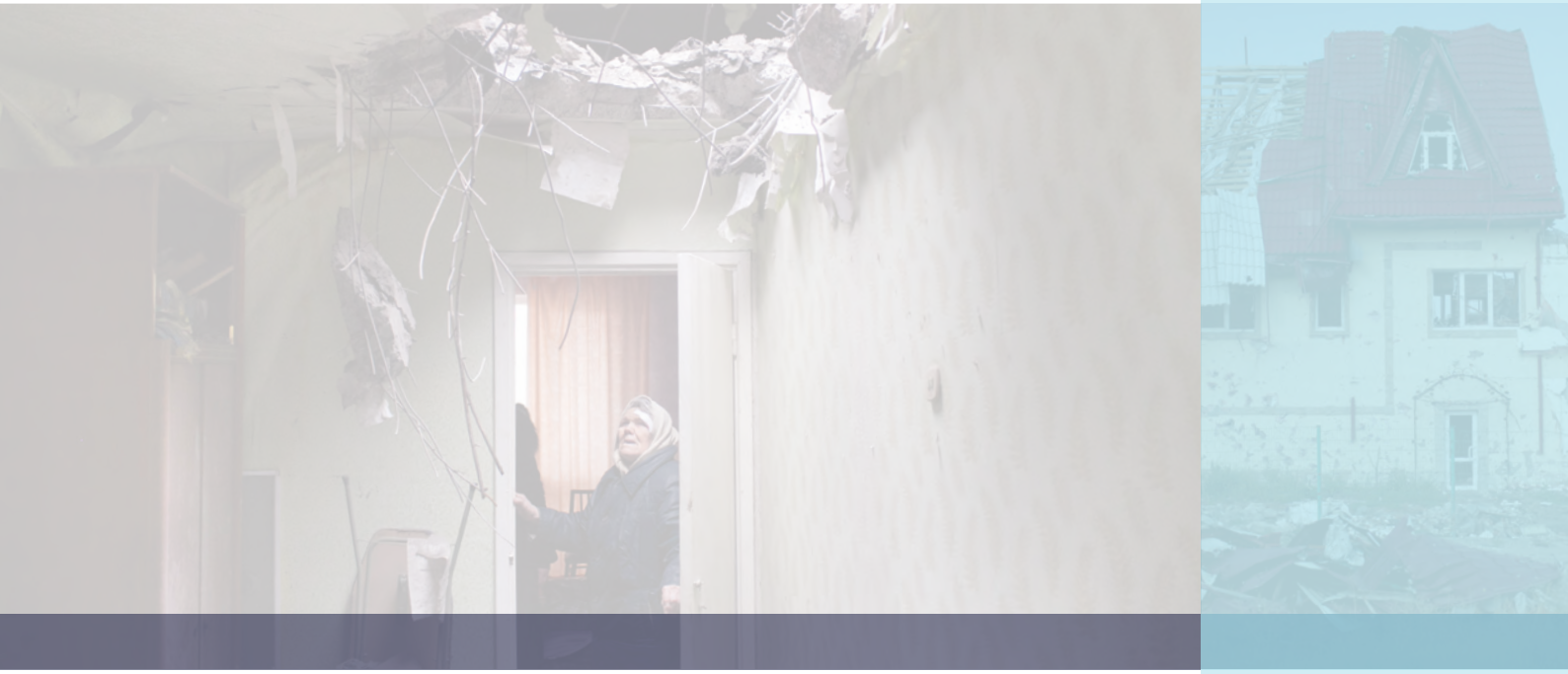
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